

POST-WAR FRANCE

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POST-WAR FRANCE

By

PAUL VAUCHER

D. ÈS L.

PROFESSOR OF MODERN FRENCH HISTORY AND INSTITUTIONS IN THE
UNIVERSITY OF LONDON



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FOREWORD

AN attempt is made in this book to define the part played by France in international affairs after the War, and her foreign policy has been briefly surveyed from the conclusion of the Peace Treaties to the beginning of the present year. My object has not been to discuss the merits or to estimate the soundness of France's attitude, but only to describe the views held by the Government and the public, and to call attention to those aspects of France's policy which in Anglo-Saxon countries have often been misunderstood. It did not appear necessary to describe in full the complicated evolution of her domestic policy during the same period. French diplomacy was, however, much affected by domestic problems, and much depended on the financial and economic position of the country, and on the competition of political parties fighting for power. Moreover, at a time when democratic

FOREWORD

Governments are being openly challenged in Europe, the Anglo-Saxon World needs to know how far Frenchmen remain devoted to their political liberties and their Parliamentary System.

My best thanks are due to my colleague at the London School of Economics, Mr. W. Pickles, and to Mrs. Pickles, who both read the manuscript and did their best to improve the style.

P. V.

PARIS,
December, 1933.

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SELECTED DATES

relating to France unless otherwise stated

Year		
1919.	June 28.	Peace Treaty signed at Versailles.
	Nov. 16.	General elections.
1920.	Jan. 18.	Deschanel elected President of the Republic. — Clemenceau Cabinet resigns. — <i>Millerand Cabinet</i> .
	July 5-16	Spa Conference.
	August.	Soviet attack on Poland.
	Sept. 23.	Millerand elected President. — <i>Leygues Cabinet</i> .
1921.	Jan. 16.	<i>Briand Cabinet</i> .
	Feb. 19.	Treaty concluded with Poland.
	March 1-14.	London Conference.
	March 8.	Occupation by Allied Powers of Duisburg, Ruhrort and Düsseldorf.
	May 5.	Reparation settlement accepted at London.
		Moratorium granted to Germany.
1922.	Jan. 6-13.	Cannes Conference.
	Jan. 13.	<i>Poincaré Cabinet</i> .
	Feb. 8.	Treaty signed at Washington Conference.
	April 10-19.	Genoa Conference.—Treaty of Rapallo.

SELECTED DATES

Year		
1923.	Jan. 5.	France rejects Bonar Law's Plan for Reparations.
	Jan. 11.	French occupation of Ruhr district.
	Sept. 27.	End of "passive resistance" in Ruhr district.
	September.	Draft Treaty of Mutual Assistance.
1924.	Nov. 24.	German currency stabilized.
	Jan. 25.	Treaty concluded with Czechoslovakia.
	February.	Collapse of Separatist Movement.
	April 9.	Dawes Reparation Report.
	May 11.	General elections.
	June 13.	Doumergue elected President.— <i>Herriot Cabinet.</i>
	July 15.	Relations with Soviet Russia resumed.
	Aug. 16.	Dawes Scheme accepted at London Conference.
1925.	October.	Geneva Protocol.
	March 12.	Britain rejects Protocol.
	April 17.	<i>Painlevé-Briand Cabinet.</i>
	May 1.	Britain returns to Gold Standard.
	Aug. 1.	Evacuation of Ruhr district completed.
1926.	Oct. 16.	Locarno Conference agreement.
	Jan. 31.	Evacuation of Cologne Zone completed.
	April 29.	Franco-American debt settlement concluded.
	June 10.	Treaty concluded with Rumania.
	June 23.	<i>Briand-Caillaux Cabinet.</i>

SELECTED DATES

Year		
1926.	July 16.	Franco-British debt settlement concluded.
	July 23.	<i>Poincaré Cabinet.</i>
	Sept. 8.	Germany admitted to the League of Nations.
	Sept. 17.	Franco-German discussion at Thoiry.
	Nov. 27.	Treaty of Tirana.
1927.	Jan. 31.	Military control suppressed in Germany.
	May 4.	World Economic Conference opens at Geneva.
	Aug. 17.	Franco - German Commercial Treaty.
	Nov. 11.	Treaty concluded with Yugoslavia.
1928.	March 2.	Tariff revision completed.
	April 5.	Social Insurance Act.
	April 22.	General elections.
	June 14.	French currency stabilized.
	July.	Franco-British Naval agreement.
	Aug. 27.	Briand-Kellogg Pact.
	September.	General Act for Pacific Settlement of International Disputes.
	Nov. 6.	Radical Ministers resign from Poincaré Cabinet.
1929.	June 9.	Young Committee Report.
	July 21.	Parliament ratifies the 1926 agreements on Inter-allied Debts.
	July 29.	<i>Briand Cabinet.</i>
	Aug. 6-31.	Hague Conference.

SELECTED DATES

Year			
1929.	Sept.	9.	Briand's Plan for European Federation outlined.
	Oct.	2.	Death of Stresemann.
	Nov.	3.	<i>Tardieu Cabinet.</i>
1930.	Jan.	20.	Young Plan accepted at second session of the Hague Conference.
	April	22.	London Naval Conference concluded.
	May	17.	French Memorandum on European Federation.
	June	30.	Evacuation of Rhineland completed.
	Sept.	14.	Nationalists' progress at German elections.
	Oct.	2.	Convention for Financial Assistance.
	Jan.	27.	<i>Laval Cabinet.</i>
1931.	March	19.	Protocol on <i>Anschluss</i> signed.
	May.		Failure of <i>Credit-Anstalt</i> in Vienna.
	May	13.	Doumer elected President.
	June.		Financial Crisis in Germany.—Hoover Moratorium proposed.
	August.		London Conference.—Financial Crisis in London.
	Sept.	21.	Britain goes off the Gold Standard.
	September.		Arms Truce voted at Geneva.
	September.		Model Treaty to strengthen means for preventing War.
	Feb.	6.	Tardieu proposals at opening of Geneva Conference on Disarmament.

SELECTED DATES

Year		
1932.	Feb. 21.	<i>Tardieu Cabinet.</i>
	March 7.	Death of Briand.
	March 13.	Presidential election in Germany.
	April 24.	Nationalists' victory at Prussian elections.
	May 1.	General elections.
	May 10.	Lebrun elected President.
	June 4.	<i>Herriot Cabinet.</i>
	July 16.	Lausanne Conference on Reparations concluded.
	Aug. 29.	German demand for equality of armaments.
	Sept. 5-19.	Stresa Conference.
	Nov. 6.	German elections.
	Nov. 14.	French Plan of Disarmament.
	Dec. 13.	Five Powers agreement on equality of armaments.
	Dec. 14.	Payment of American Debt delayed.
1933.	Dec. 18.	<i>Boncour Cabinet.</i>
	Jan. 31.	Hitler appointed German Chancellor.
	Jan. 31.	<i>Daladier Cabinet.</i>
	March 4.	Beginning of Roosevelt Presidency.
	March 16.	British Plan of Disarmament.
	March.	Nazi Revolution.

CHAPTER I

POLITICAL INSTITUTIONS

THE French Republic has now lasted for more than sixty years and survived the ordeal of the War. The era of revolutions and unsettled governments that opened in 1789 is apparently closed. Few citizens remember the days of the Second Empire ; none those of the Monarchy. Nearly all the statesmen who were in power before 1914, have now passed from politics.

However, the very existence of the Republic has often been at stake. There occurred periodical crises in pre-war days, and a widespread criticism of parliamentary methods was constantly expressed. In 1913 a keen desire for the strengthening of the Executive was obviously felt. During the period of reconstruction which followed the Armistice, proposals for drastic constitutional changes found support in many quarters, and again the financial crisis of 1924-1926 produced a strong demand for dictatorship. The im-

potence of present governments to accomplish administrative reforms and restore financial equilibrium leads many Frenchmen to believe that a firmer rule is needed, while despotism, becoming firmly established in neighbouring countries, makes the French Constitution appear out of date.

It is nevertheless unlikely that France will abandon her political system in the near future, at least if a profound economic revolution does not supervene. It is even less probable that any alternative system would last long. Social Conservatism prevails.

Politically, the period during which Paris dominated the country belongs to the first half of the nineteenth century, and rural France with provincial towns of medium size has since remained dominant. The progress made by modern industry, however important it has been in recent years, has not yet much reduced the political influence possessed by the millions of independent peasants and *petits bourgeois* who still form the social basis of the country. Banks have not to a large extent acquired control over indebted farmers, and these, on the contrary, have often been able after the War

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to free their property from mortgage, while the financial crisis was solved before it brought disaster on the many small holders of State securities.

The political power that these classes hold was for over a century used by them to support the Republican regime. They first brought it into existence, and later on tended to make it increasingly democratic. They now dominate the Left parties: the Radicals who have arisen from them, and even the Socialists who are seeking their support. They do not expect them to accomplish drastic social changes, nor to submit to dictatorial methods. It is hard to see how any kind of dictatorship could succeed in France without the unlikely consent of these classes. They regard Democracy as the one important object to be attained, and are inclined to believe that they have succeeded in obtaining it.

Moreover, dissatisfaction with the Republican regime as a form of Liberal Government is not really profound. The generations which passed through the War, and the younger one have, indeed, a more realistic mind than their fathers had; yet Freedom has become a habit which would

not easily be renounced, and remains an ideal whose force would quickly reappear. On several occasions France has already experienced various forms of dictatorship, and does not seem willing to repeat her experiment. Rather than admit that her present Constitution does not correspond to her present needs, she would prefer to believe that she has at last discovered a Government which suits her purposes.

The Parliamentary System has proved adaptable to dangerous emergencies. It lived through the War, with restricted privileges, but with useful work done by parliamentary committees and, on the whole, a tactful sense of its necessary limitations. Later on, when financial breakdown was near, it established without constitutional changes an efficient rule. More recently it repeatedly contemplated granting extraordinary powers to the Government to meet special difficulties.

The great advantage of the present Constitution has been, so far, its capacity to change, and English readers will well understand the process by which its evolution made it more settled. It is, indeed, no longer the regime framed by the founders of the Third Republic. When they decided

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on a Republic, they would have much preferred a Constitutional Monarchy, and organized the Government in such a way that a return of the King would still be possible. In his place the President, elected for the long term of seven years, was given very wide privileges while a Senate was to remain a stronghold of Conservatism.

When the Republicans attained power they wisely preserved a Constitution which in many ways they found deficient. They did not even suppress the Senate, but, by introducing new provisions for senatorial elections, made it a useful associate of the other House. In process of time the President lost many of his privileges, but was able to keep a moral influence by no means negligible, while the effective control of the Executive passed to the responsible Prime Minister. Above all, universal suffrage favoured the progress of democratic classes and their conquest of Parliament.

Parliament, indeed, was becoming the dominant power and with the rivalry of unorganized groups its encroachments were the more dangerous. France suffered much from ministerial instability. We must not underestimate the obstacles to efficient govern-

ment which the system was creating. However, it is often overlooked that France found some means of maintaining order, as a later chapter will endeavour to explain.

Last but not least, the rigidity of the administrative system, maintained through all the preceding revolutions, continued, and gave the Executive real power. Much of the most useful work done in pre-war days: the construction of a diplomatic network, the organization of a modern police, the building up of a Labour Department, were done by the Civil Service without great help from Parliament. This contributed to the restoration of the proper balance of political forces, but administrative reform was clearly needed.

In 1914 the Regime, which had already lasted surprisingly long, was in no serious danger, but the necessity of improving it was quite apparent. Parliament had to amend its methods, and Administration had to modernize its rules. How far the Regime has continued to evolve, and what it has been able to do in that way, we must now briefly explain.

A British M.P. or a Member of Congress,

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witnessing a debate in the Chamber of Deputies, would, no doubt, find it at first amazingly confusing. Although the membership is exactly the same as at Westminster, he would find the Chamber much larger and the accommodation different, with benches in hemicycles facing the tribune and the Chair. He would hear speeches of a more resounding oratory than is usual at Westminster, often interrupted by noisy protests or applause. He would look in vain for a dividing line showing the state of parties and the respective forces of Government and Opposition. But, when a division occurred, he would notice members gathering around a dozen places where their ballot boxes are kept, and so discover the existence of at least as many groups.

If he found the Chamber absorbed by its legislative duties, the procedure followed for discussing bills might appear familiar to him, except for the absence of the guillotine. But, should the Deputies be engaged in an attack on the Government, he would find that they have at their disposal exceptional means of parliamentary control. Questions are rare, and are not put in a rapid, efficient way, but members are allowed to

introduce and "develop" an *interpellation* which gives rise to a general debate concluded by the passing of a resolution. Its wording, expressing confidence or distrust, often involves the fate of the Cabinet, and the uncertainty of the result makes discussion to the last minute passionate and confused.

All these characteristics arise from the lack of discipline which is bound to occur when parties are replaced by coalitions of groups. No true leadership can be expected from the Cabinet, whose chief only rarely leads the largest group, and more often is an independent in a position to satisfy rival claims.

Stronger parties could only come from a reform of the electoral system, and repeated attempts have been made to seek improvement by these means. Since the War, France has again experimented with the two opposing methods by which it is possible to record votes, namely, large constituencies where electors have to choose between lists of candidates, or single member constituencies. The first system was adopted in 1919; the second re-established in 1928. It seems obvious that the first tends to favour parties

by compelling isolated candidates to combine in order to stand on a list. This only parties of some importance are able to do.

But Parliament in 1919 made at the same time a timid attempt to apply Proportional Representation, which did not succeed. Opponents argued that its adoption was responsible for the failure of the list system, while proportionalists ascribed it to excessive privileges which majority rule had been allowed to preserve. We need not trouble the reader with more details as, in any case, failure was obvious, and the system increased confusion by making results more difficult to foresee.

By the Act of 1928, France returned to electoral habits long familiar to her. Their disadvantages are no secret. In single member constituencies, except where large parties are in conflict, local interests tend to prevail and one easily loses sight of national problems. While the country has certainly reached the stage where electoral contests are fairly conducted and corruption in its various forms plays quite a negligible part, citizens are nevertheless not sufficiently encouraged to express opinions on general programmes.

But the second ballot, which takes place

whenever no candidate has recorded a majority of votes, here acts as a corrective. It has been much criticized, and in 1932 the parties of the Right nearly succeeded in having it suppressed. In recent years it has produced many abuses. Radical and Socialist candidates have used the opportunity to form an electoral Cartel by undertaking in advance to support at the second ballot whichever of them was the more successful at the first. As their two parties later on did not join hands in Parliament, the whole procedure appeared an unfair trick, while groups whose members were returned in that way, were no longer capable of independent action. The two Left parties could not afford to oppose each other, yet were unable to agree.

But the Cartel would not have been concluded and maintained if it had not corresponded to a genuine desire of the electorate. That such a desire exists, making many electors willing to support any of the Left parties, we shall later on explain at length. Thus, whatever the disadvantages of the second ballot and the undesirable bargaining to which it gives rise, it does on the whole enable the country to make a clear choice.

and, in the absence of strong parties, can be regarded as useful.

In the period after the War, France, therefore, has not improved her electoral system. Lists have been tried in unfavourable circumstances. Proportional Representation, of which much was expected in 1914, no longer interests the country, although its supporters complain that it was not given a fair trial.

Surprisingly little is heard of Women Suffrage, which from time to time is considered by Deputies and even accepted by them; but on the clear assumption that the Senate will turn it down. The resistance of Left parties, which fear that the influence of the Church on women would be dangerous to them, blocks the road towards reform. One must add, however, that no strong demand, except on behalf of a small minority of women, is made for it.

Proposals for organizing the vote on professional lines have attracted attention, but concern the sphere of economics and administration more than that of politics.

Meanwhile, parliamentary procedure has been somewhat improved. Speeches have been shortened by the amendment of the

rules and the inclusion of a table which fixes the time allowed for each one according to the occasion on which it is delivered. Private members anxious to speak at length must henceforth be delegated by their groups.

On the other hand, the Standing Commissions or Committees created in the decade which preceded the War have acquired greater importance. Both Houses now have such Committees elected on a basis of Proportional Representation once a year. Each of them is concerned with questions relative to one ministerial department. Many Deputies, not to speak of Ministers, think their interference very inconvenient, and would say that they hamper parliamentary work. Poincaré once complained that he had no longer to face one, but twenty Parliaments.

It is true that the wide ambitions of Committees lead to dangerous encroachments upon the powers of the Executive, and absorb time that Ministers ought to spare for their administrative duties. A glaring instance of such abuses was provided by the Finance Committee in 1926 and 1932, when it did not help the Government to deal with the budgetary difficulties, but was bent on acting in its place.

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However, Poincaré's remark can be understood to indicate also the good effects of the reform. Not only does the membership of Committees, which for Deputies is limited to forty-four, allow more serious discussions than are possible in the House, but Parliament, now overburdened by the amount of work it is expected to perform, finds relief in having several small assemblies in session at the same time. These prepare full reports that speed up the further stage of the debate.

Moreover, when Committees and Government agree, the House is inclined to follow their advice. Our British observer should not fail to discover that actual leadership is now shared by two groups of members who sit on the front bench, on the Right the Ministers, on the Left members of the Committee concerned in the discussion that is taking place.

Other improvements, repeatedly advocated, have not yet been effected. The privilege that private members possess of introducing into the estimates amendments involving additional expenditure has been somewhat curtailed, but not altogether suppressed. More important is the fact that the article in the Constitution which entitled the Presi-

dent to dissolve the Chamber of Deputies with the previous consent of the Senate, has been allowed to lapse for over fifty years. The House, once elected, remains out of touch with the country, and the present leader of the Opposition, Tardieu, has brilliantly emphasized the advantage that a Government would find in being able to consult the country. This might be done either by Dissolution or by a Referendum. But no progress has so far been made, except that the public seems now to devote more attention to the problem.

In the Senate, a membership reduced by half, a high average age for members and a small number of groups with only three of real importance, all contribute to produce a different atmosphere. But the system used for senatorial elections is the primary reason for the difference. A Senator is returned, for the very long term of nine years, by a body of a few hundred voters consisting, in each *département*, of the Deputies and Local Councillors; including delegates from the Municipal Councils. The latter hold the majority, but everything depends on the proportion maintained between the size of the Municipalities and the number of their senatorial delegates.

As it stands at present, it works in favour of the small towns of 10,000 to 15,000 inhabitants. Market towns of rural France, compared with industrial centres, have a dominant influence on the Second House.

The surprising fact that no reform of the obsolete system is even contemplated, may be easily explained. Senators were given privileges equal to those of Deputies, except that they must take no initiative in matter of finance. However, they refrained from using them fully, applied the brake with moderation, avoided entering into open conflict with the other House, and submitted to the will of the country whenever it was clearly expressed.

At the same time, the way in which they are elected favours the Left parties, so that the Senate, expressing the opinion of rural France, was Republican in the past and is now decidedly Radical. Although it is inclined to social Conservatism, the French Radicals are not anxious to have it reformed, and have prevailed on their Socialist allies not to press for reform. For a long time Socialists simply chose the policy of having no representatives in the Upper House. Thus the Senate was able to carry on, and

slowly won prestige. The country felt satisfied with a House which was not troublesome and whose technical merits made it distinctly useful.

Since the War, the importance of the Senate has increased. While successive coalitions were in power, it always remained Radical, and on two occasions, in 1930 and 1932, compelled the Tardieu and Laval Cabinets to resign because they leaned too much towards the Right. It devoted much attention to problems of foreign policy, and, as regards fiscal policy, allowed Radicals to draft proposals expressing Socialist principles, but did not hesitate to interfere when it felt that France's credit was endangered. For that reason the Herriot Cabinet was turned down in 1925, and in the present year the Senate made a strong fight to have taxes increased and expenditure reduced.

On the whole, while the machinery of Parliament remains obviously cumbersome and is in many ways deficient, France, since the War, has not decided on drastic reforms. Proposals outlined in 1919 for adopting American methods of government, with Ministers chosen from outside Parliament and only responsible to the President, soon

ceased to attract attention. France was content with doing what appeared possible in order to strengthen leadership and shorten debates, but is not willing to part with the Parliamentary System which she borrowed from Britain.

Turning to the Executive, one finds again that the War has not much affected its position, no doubt because, after all, it has been able to work sufficiently well. Indeed, the privileges of the President of the Republic have been the subject of much discussion.

When the Presidency of Poincaré came to an end in 1920, he openly complained of the small powers that he had possessed during the strong rule of Clemenceau, and, a few months later, Parliament elected President Millerand who made no secret of the fact that he would not be content with the part of a figurehead. He acted with decision. In January 1922 he recalled Briand, who was preparing with Mr. Lloyd George at Cannes a Pact of Security, and compelled him to resign. As Parliament and the public did not at this time support Briand's policy, his sudden fall did not arouse much protest and

Millerand worked in agreement with his successor, Poincaré. But, when general elections took place in 1924, the President did not shrink from interfering in the contest, delivered speeches in support of the *Bloc National*, and, when beaten at the poll, found himself in great difficulties. Poincaré immediately resigned, but the leader of the new majority, Herriot, refused to form a new Cabinet if Millerand remained in office, and after a desperate fight the President finally had to go.

No doubt Herriot's attitude was not in conformity with the spirit of the Constitution, and it was feared that the incident would have struck a fatal blow at the privileges of the President. Nevertheless, Doumergue succeeded in maintaining and even in increasing its influence. He passed through the financial crisis of 1926, and had a record number of ministerial crises to solve. Much depended on his decisions, and in particular his persistent refusal to admit Socialists to power and his unfailing efforts to bring conciliation between Radicals and Moderates. Above all, his tactful personality impressed politicians. The country felt that the Presidential Office, even when deprived of real

power, could render very useful services, and the short-lived Presidency of Paul Doumer confirmed this impression.

The President keeps in touch with high officials and foreign Ambassadors, and thus remains fully informed. He is present at all important discussions of Ministers which are held under his chairmanship, and is in a position to exercise an undeniable influence on politics. His impartiality and aloofness only add weight to his advice. Under such conditions proposals for reform have little chance of success. To have Presidents elected no longer by Parliament, but by universal suffrage, would only tend to produce dangerous conflicts. A more timid project to include Local Councillors in the body of presidential electors, might be of more advantage, but has so far not found many supporters.

Post-war Cabinets are larger than in the past. Aviation, Pensions, and Health now form independent departments, and there is a tendency to multiply Under-Secretaries of State, who are given full control over smaller branches of the administrative services. The number of ministerial seats, however, varies much, and Tardieu boasted of having

formed successively the largest and the smallest of French Cabinets.

Ministerial instability remains a characteristic of France, but its effects must not be exaggerated. Briand at the Foreign Office, Leygues at the Naval Ministry, Sarraut at the Colonial Office have been given time for spells of uninterrupted work. Except for the period of financial crisis (1924-1926), one could say that the Premiership was held in turn by Briand and Poincaré from January 1921 to November 1929. There had been in 1919 a strong demand for the rule of new men, but the difficulties created by the War quickly led to the recall of statesmen of unparalleled experience. Later on, their successors soon proved capable of giving a strong lead. Tardieu, who had to face a Chamber where opposing parties were of nearly equal strength, has nevertheless made a strong impression on Parliament since 1930, and Herriot in 1932 had a much wider popularity than at the time of his first Cabinet. France was indeed lucky in finding Ministers of the first rank, but perhaps their merits contributed to make the necessity for strengthening the Executive less apparent.

Cabinets have preserved the characteristics

ments of his colleagues, and does not easily succeed in imposing on them the necessary "cuts". When his office is not combined with that of the Premiership, his position is a difficult one, and no improvement was obtained by dividing the department between two Ministers, one for Finance and another for the Budget.

France has not greatly altered the methods of government which were in force before the War and have so far been able to cope with the difficulties met in recent years. But her administrative system, which used to be regarded as rigid, has, on the contrary, undergone an important evolution. The "Administrative Reform" long advocated in all electoral programmes, has not yet been accomplished, but great changes have meanwhile occurred in the country and within the Civil Service itself, with the result that new problems must now be faced.

The centralized Administration, with the boundaries created by Napoleon, is still in existence, and "Decentralization" has for over a century been a favourite catchword of reformers. However, Local Government is not working as in the past.

The position of the Prefects, the main officials representing the Central Government and dependent on the Ministry of the Interior, has changed. Social reforms enormously increased their activities and compelled them to enter into direct relations with the other Ministers now more affected by their work. The number of the cases which Prefects are entitled to decide without consulting Paris has steadily increased, while, by extending the privileges of elected Councils, more decentralization than one usually believes has been allowed to creep in. After Poincaré's decrees of 1926, marking the latest stage reached at present, the Departmental and the Municipal Councils, except for a few specified cases, make final decisions which the Prefect cannot overrule, and can only contest when they are contrary to Acts of Parliament.

It is true that strict control is apparently maintained of local expenditure. The Councils must be given permission to raise "additional centimes" on the francs collected for national taxes, or for the issuing of local loans. But the Government seldom interferes with local budgets, except to ascertain that expenditure compulsory for the

enforcing of Acts of Parliament is provided for. Many Councils are to-day in great difficulties, and it will soon become necessary to allocate to them the produce of some of the taxes now raised by the State. But the situation is not the result of excessive control. On the contrary, it indicates that the Government has heavily burdened local officials with compulsory expenditure, while devoting small attention to local finance.

Supporters of decentralization have long ago drafted a "regionalist" programme. Pointing out that the Napoleonic areas are too small, they recommended the creation, instead of ninety *départements*, of some twenty or thirty "regions" where local life would have scope for development. Their demand has already been met in part. The Army has been divided among twenty military regions. The Courts of Justice have been grouped around twenty-seven Courts of Appeal, and, as regards education, seventeen Universities have acquired more independence. The War also led to the formation of unions between Chambers of Commerce which are tending to create economic regions in the country.

At the same time, neighbouring municipali-

ties and *départements* have been allowed to form unions in order to run certain services in common. Industrial progress stimulates the activities of provincial towns, while the increase of motor traffic has given rise in many local centres to *syndicats d'initiative* carrying on a more forward policy than Municipal Councils would dare to undertake.

This is not to say that France no longer suffers from excess of centralization. Reforms leading to simplification of bureaucratic methods are urgently needed. But a complete reversal of the present system is not to be expected. Centralization suits France more than other countries because there exists an extraordinary multiplication of local centres, some 40,000 small municipalities obviously wanting assistance and supervision from above. Last but not least, the strength which the Government derives from centralization somewhat compensates for its lack of authority over Parliament.

Here, however, is the greatest defect of French Administration. Politicians are constantly interfering with local services. Deputies and Senators devote much time to them. They always serve on Local Councils and

often act as Mayors of their own towns. They use the influence, which as members of Parliament they possess, to press their demands on Prefects and Ministers. Thus in a most unfortunate manner decentralization again comes into its own.

In recent years a far-reaching change has occurred in administrative methods because of the enormous progress made by associations in France. Not very long ago Frenchmen remained individualists who did not even ask for a law to determine the privileges of associations. Not until 1901 did Parliament pass a law to that purpose. But after that year and much more since the War, groups of all kinds have multiplied. Trade Unions for industrial workers, unions and co-operatives of farmers, Friendly Societies, and professional groups of various forms are now going ahead. The Administration has no longer to deal with individual citizens but to negotiate with organized groups. It has had to change its methods, and to all Ministerial Departments consultative bodies have been added in which interested groups have a voice. Branches of the administrative services have been converted into distinct *offices* under the control of committees on

which representatives of professional groups serve with delegates of the Government.

More serious has been the growth of associations within the Civil Service itself. This movement, which started towards the end of the nineteenth century, notwithstanding the resistance of successive Ministers, has never ceased to gain strength. France has now reached the stage when every branch of Administration possesses a powerful union, and these are grouped in a *Fédération des fonctionnaires* and a *Cartel des Services Publics*. It is true that strikes, which occurred before 1914, have been conspicuously absent during the post-war period. But discontent spread in the Civil Service when wages and salaries only very slowly followed the increase of prices. Civil Servants were no longer content with ordinary associations, but insisted on forming Trade Unions and on entering the Central Council of French Trade Unions. Since 1924 the Government has ceased to oppose their request, making it, however, clear that no strike could be tolerated.

Unions had not waited for the permission, but had found the Central Council somewhat reluctant to admit them, on the ground that, not being industrial workers, they did not

belong to one professional group. In 1930 an agreement was reached, and the various branches of *fonctionnaires* now have separate delegates on the Council. At the same time, Parliament completed the reform which adjusted wages and salaries to the new standard of life.

However, during the present depression, Civil Servants have so far refused to accept reductions in proportion to the fall in prices, and the Government has not dared to face a conflict. The situation is indeed a serious one. But the problem of wages and salaries, which in recent years has absorbed the activity of the unions, is not the only one that requires attention. The Civil Service has long complained that it has not been given a legal status. It is not a united body under a Civil Service Commission, and its various branches were in the past subject to the dictatorship of their respective Ministers. They have now developed solidarity.

Parliament has been unable to define their privileges in any single Act, but the reform has been accomplished by slow and gradual stages. Most of the *fonctionnaires* are now protected against arbitrary decisions of their chiefs. They can rely either on Acts of

Parliament, or on decrees issued by Ministers and regarded as binding upon their successors. For local officials the Government has also issued a model status which large towns have generally accepted. Thus entrance by competitive examination, promotions and disciplinary action take place according to fixed rules.

France also possesses a Court to deal with grievances of Government employees. The Council of State, the assembly of high officials created by Napoleon, has seen its duties enormously increased in recent years. It is responsible for the drafting of "rules of public administration," which grow increasingly numerous as Parliament finds it more difficult to enter into the details of the necessary legislation. It creates the Administrative Law which in all modern countries is becoming so important, and also acts as High Court of Justice for Administrative Law cases.

Thus it stands on the one hand between the citizens and the State, hearing conflicts arising between them, and on the other between the Government and the *fonctionnaires*, admitting unions of Civil Servants to appear and support cases introduced by their

members, and frequently cancelling decisions taken by Ministers on the ground of "ultra vires." One may expect that the Council of State will help to maintain in the Civil Service an organized rule, and to solve the problem which the growth of Bureaucracy raises in France as in all modern countries.

How far would a political dictatorship be able to bend Bureaucracy to its will? Frenchmen do not know, and being somewhat sceptical about it, have so far preferred to maintain the political institutions that had been adopted before the War, while seeking other methods of dealing with their administrative problems.

CHAPTER II

POLITICAL PARTIES

COMPARED with the Party System at work in their countries, British and American observers find the maze of French groups hopelessly confusing. No less than seventeen exist in the present Parliament, but it is seldom possible to discover any corresponding machinery in the constituencies or to trace a clear distinction between their respective programmes. Even their names are often misleading.

If no further classification of public opinion existed, the system obviously would not work at all. One is bound to assume that some guiding forces constantly lead political life.

Pre-war history throws some light on the question. Groups of Conservative Royalists held a clear majority in 1871 and steadily lost ground until Republicans, from 1875 to 1879, succeeded by stages in conquering power. But there soon occurred a split

in the Republican party when successive governments of Moderate-Opportunists had to fight a growing opposition of Left Radicals and gradually inclined to join hands with the Conservatives, who, meanwhile, had ceased to oppose the Republican regime. Towards the beginning of the present century, Radicals became predominant, but, in order to obtain control over the Government, they needed the support of the Socialists, who, from a small group of able debaters, had now built up a big party in possession of a hundred seats. Thus four parties have in succession entered the field of French politics, while a slow move from Right to Left was all the time taking place.

It is, on the other hand, important to realize that something equivalent to the Two Party System has always existed in France. It is as easily discernible during the first period, when Republicans were fighting Royalists, as during the latest, when a *bloc* of Radicals and Socialists was attacked by an Opposition of Moderates and Conservatives. Neither is it absent from the more confusing period of the last twenty years of the nineteenth century. A Centre party of Moderates was then in power, but had to seek support

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from the Left or from the Right. It gradually drifted towards the Right owing to the evolution of public opinion which strengthened the Left parties, and finally joined the Conservatives.

The War has not made any serious difference. Radicals, much against their own will, now occupy the central position, and are encountering the same difficulties as the Moderates in the past. They are very anxious to maintain their electoral alliance with Socialists, but have often to rely on assistance from the Right benches. Although the Radical policy differs from that previously made by Moderates, and the changes in social conditions brought by the War are bound to react on politics, the Party System still works much in the same way, and Centre parties or Coalitions are not able to live by themselves.

A survey of general elections would lead to the same conclusion. While at the first ballot votes are divided between a very large number of candidates, a second ballot gives electors an opportunity for a more simple choice. They then support one of the two tendencies always alive in the country, to which the words : " Revolution " and " Re-

action " are often applied. When the fate of the regime was in the balance, Republicans defended the principles of 1789, and, if these are no longer seriously contested, we still find Radicals and Socialists forming Coalitions in order to fight "Reaction." It is not always easy to see what they have in mind, but the electorate does not apparently find it difficult to understand them. This double division remains a striking characteristic of Modern France, and goes far to explain how Coalitions of parliamentary groups are formed.

Since Conservatives and Moderates have for long acted in common, we finally have to face three great parties, Conservative, Radical and Socialist, which nevertheless are always inclined to fall into two main groups.

France is commonly regarded abroad as one of the most conservative countries in the world ; yet Conservatism has for a long time not been able to form a strong political party. It must not be thought that a Conservative party was in power during the years 1920-1924 and 1928-1932, when a *Bloc National* and a Poincaré Coalition governed. One must in fact admit that no strong basis

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exists on which a Conservative policy can be grounded.

Opponents of the Republican regime have had so far little prospect of success. The old Royalists have practically disappeared. The Neo-Royalism advocated by the daily paper, the *Action Française*, was much to the front after the War. It owed its importance to the brilliance of its leaders, Maurras and Daudet, to their devastating criticism of Republican governments and to the feeling shared by many citizens that France was losing the advantages of her victory, making a fiasco of Reparations, allowing Nationalism in Germany to regain strength, proving unable to make the necessary financial and administrative reforms. Maurras' programme for extending local liberties by decentralization, while increasing the authority of the Central Government by making it independent of parliamentary control, made some impression on the few people who believed Freedom valuable above all in local life. But only during short periods of excitement were Frenchmen inclined to approve of a dictatorship. A restoration of local or social aristocracies was not desired, and there was very little hope that a return

of the Royal Dynasty could bring about a more effective and progressive government.

Much of the influence enjoyed by the *Action Française* was due to the support of the Clergy. But Rome did not want open conflict between Catholics and the existing regime. It is not surprising that the Pope, disregarding the moving protest of many devoted Catholics, condemned Maurras' books and his paper. From that time the *Action Française* seems to have been steadily losing ground.

Moderates who were for long in power, failed to form a party of lasting importance and were not revived by passing to Opposition. A large portion of the *bourgeoisie* shares their views, but does not submit easily to party discipline or join in the work of propaganda. It realizes that their doctrine does not make a strong appeal to the public. Liberalism, which endeavours to safeguard liberty by a proper balance of power, is no longer a living force. Indeed it carries one back to the days of the nineteenth century, when an attempt was made to establish a Constitutional Monarchy and failed. Republicans, who then fought against Royalists, lost their spirit after victory had

been won, much at the same time as Royalists accepted defeat. Their conjunction for the defence of Liberalism is imbued with a mood of pessimism that is not likely to increase their influence.

One might expect Nationalism to provide the necessary driving force for building up a strong party. It has, however, only given rise to short waves of temporary excitement. Before the War the desire for *revanche* which many kept at heart, could not produce anything more. Patriots who refused to accept the loss of Alsace-Lorraine as final, did not want their country involved in a new conflict and could only wait for the time when, in the words of Gambetta: "*les grandes revanches sortent du Droit.*" On the eve of the War, Nationalism was not powerful in France. The country was alive to the German danger and welcomed Poincaré's election to the Presidency, as that of the man best able to deal with the situation, but at the elections of May 1914 Frenchmen showed their disapproval of his decision to lengthen the period of military service, and were more concerned with fiscal reform than with foreign policy.

After 1918 conditions were still less favour-

able to the progress of a Nationalist party. The War had cost too much and the country was too tired. Moreover, on the main problems of foreign policy, Reparations, Security, relations with Germany, all parties were much in agreement. Poincaré's electoral defeat in 1924, and that of Tardieu in 1932, were not due to their Nationalist policy, but to domestic problems. It is worth noting that Briand's efforts to reach peace by conciliation, while they constantly met with bitter criticism, were nevertheless always sanctioned by large majorities in Parliament, because no contrary programme of a more Nationalist tendency could be clearly shaped and raised against them.

By far the strongest influence at work on the Conservative side is that of the Roman Church. It is true that French Catholics, devoted to charitable work and supporting active Trade Unions, have never lacked interest in social reform. But Rome never repealed the sentence passed by Pope Pius IX against all the principles on which Modern France, especially the present Republic, is founded, and it was bound to oppose the *anti-clérical* laws passed by the Republicans. How is it that no *Clérical* party ever acquired

importance? It can be partly explained by the tactical move made by the Pope when in the eighties he instructed French Catholics no longer to oppose the Republican regime, but to endeavour on the contrary to join hands with the Moderates. The two parties began to work more closely together, but the Moderates lost ground in the country in the proportion to their support of the policy of the Church, and many among them remained obdurate. A typical case is that of Poincaré, who, while he opposed Radicalism, never consented to favour a clerical Reaction.

The main reason, however, is to be found in the fundamental difference which still keeps the Roman Church and the Republic apart, in the glaring fact that whenever an attempt was made to promote a clerical policy, the electorate turned it down. *Anti-cléricalisme* has now become an essential part of the Republican Doctrine, and, however great its influence, the Church has always appeared to fight a hopeless battle, and has never been able, even after the War, to form a strong and united party.

Neither is it, after all, surprising that, in a country so much inclined towards Con-

servatism, no party for social Conservatism was formed. The predominant influence of the farmers and the lower middle classes, the relative feebleness of large-scale industry as compared to the number of small *artisans* explain both the small membership of the Trade Unions and the absence of a party devoted to social Conservatism. In pre-war days members representing rural constituencies were always able to carry the majority, without feeling compelled to sit on the same benches. There was no need for parties to represent the conflicting interests of social classes and Frenchmen could indulge in their natural tendency to divide themselves according to the political principles which they upheld. Even the Socialists were not directly connected with the Trade Unions. All the other parties opposed Socialism, and were reluctant to undertake fiscal reforms. It was not long before 1914 that the Radicals, with much anxiety, began to change their attitude.

France had not experienced any revolution similar to that produced in Anglo-Saxon countries by the growth of modern industry. Under the Republican regime citizens, having secured unrestricted civic liberties, were not so eager as they sometimes pretended to

improve the social conditions established at the time of the Great Revolution and the administrative system constructed by Napoleon. Politics remained, so to say, in the air. The War has indeed altered the social framework of France. It has not so much affected the peasantry as it has increased the importance of industry, now progressing on modern lines. Above all, it has made economic problems predominant. Bankers and industrialists exercise on Parliament an unprecedented influence. So far, however, they have not attempted to form a distinct party to support their own policy. The conflicting interests of various branches of industry would have made it difficult, and they would have to be careful not to oppose the representatives of rural France, who still constitute over one-half of the electorate. As a result, Conservatism is not defended by a single party, but by at least three parliamentary groups and two leagues at work in the constituencies.

The first league, the *Fédération Républicaine*, was represented in the House of 1928-1932 by a solid group, *l'Union Républicaine Démocratique*, counting over a hundred members. The 1932 elections reduced the group

to forty-one, but sixty members who remained independent sit next to it and generally approve of its policy. The Federation played a leading part in the *Bloc National* of 1919, and later on supported the Poincaré and Tardieu Cabinets. It is genuinely Republican, and only recommends certain constitutional amendments with a view to increasing the strength of the Executive, while preserving the Parliamentary System. It defends Liberalism, calling attention to the importance of free associations and, above all, of the family group. It would like the eldest son to inherit a larger proportion of his parents' wealth, and insists that parents be allowed full control over the education of their children. The conclusion can be drawn that it favours the influence of the Church.

While now reconciled to the income-tax introduced during the War, it still considers indirect taxes by far the less objectionable. As regards foreign policy, it has bitterly criticized the Treaty of Versailles, opposed the ratification of Inter-allied Debts, and denounced Briand's conciliatory policy. However, on all these occasions, the majority of its members did not finally follow its chairman, Louis Marin, but voted with the

Government. The Federation is more united for criticism than for action. Its general attitude is clear enough. By appealing to Patriotism, advocating sound finance and indirectly favouring Clericalism, the Federation hopes to bring or maintain in power Governments of the Right. Its main effort is directed against Radicals whom it describes as fools, playing the game of their Socialist friends. But its aim is not so much to break the Radical-Socialist alliance as to persuade electors that voting for Radicals is unwise and unsafe. Thus, as remarked a shrewd observer, the Federation attracts those frightened *petits bourgeois* who want to be saved by the *grands bourgeois*.

The second league, *l'Alliance Démocratique*, dates from the time when the present Republic was founded and has for long expressed the views of the Moderates. Its members, having no Clerical flavour, much resent being described as reactionary and are not altogether satisfied when forced to co-operate with the preceding group. This they only do in order to fight Socialism. The league is, above all, anti-socialist, but much regrets that Radicals cannot be persuaded to stand apart from the Socialists. Its supreme am-

bition is to join hands with the Radicals and form a centre majority. Such a position cannot be easily maintained, and, as is only to be expected, members of the *Alliance Démocratique* incline either towards the Left or towards the Right. In addition, the influence of business circles has in recent years been active among them. It has not tended to unite them, but rather to make them "a party without a doctrine." The league therefore has never been able to enforce strict discipline and support one single group. In the last House two groups were more directly attached to the league, the Left Republicans and *l'Action Démocratique et Sociale*, having between them ninety-three seats. To-day the second has changed its name to "Republican Centre" and attracted some members of the former. They have a total membership of sixty-nine.

Much of their strength has always come from the ability of their leaders. Poincaré, although being a Senator he did not sit among them, relied chiefly on their support, while he was reluctant to accept that of the *Fédération Républicaine*. He was succeeded by Tardieu, again a dominant figure in Parliament. France, however much inclined

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towards the Left, likes to feel that, whenever a way out of a particularly intricate situation must be speedily found, she can always call on the services of men who, having founded the Republican Regime, have on repeated occasions already helped to save it from destruction.

The "Radical and Radical-Socialist Party," to give it its full title, has the largest group in Parliament, and, following the elections of 1932, has, with 157 members, under the leadership of Herriot, resumed power. But several other groups of Radicals exist, the more important being that of "Left Radicals" with forty-eight members, who, notwithstanding their name, have for long occupied a central position and held a casting vote.

Talking to a French Radical, one quickly learns that to him Radicalism is the only genuine form of Republicanism. All other parties, except for the Socialists, he regards as reactionary. With Socialists, on the other hand, he is willing to collaborate, although he is not a Collectivist, because he considers politics more important than economics and well knows that in France parliamentary

candidates do not easily resist attacks from the Left.

The position thus taken by Radicals can only be explained by a brief survey of their past records. Radicalism first appeared during the later years of the Second Empire, when Republicans, who were not allowed to declare themselves in favour of a Republic, chose the name of Radicals. In the seventies, Royalists, expecting the King to return, argued that the only alternative was a Radical Republic. But only after the Republic had been safely established, was a Radical party formed in opposition to the Moderates. They took twenty years to conquer power, and owed their victory to the dangerous offensive which Moderates allowed their Conservative friends to undertake during the Dreyfus crisis against the Republican Regime. Radicals were thus led to believe that they alone supported republican and democratic principles.

The strongest influence at work on the side of Reaction was that of the Church, which had just used the crisis as an opportunity for seeking the repeal of the laws passed against Church schools and religious orders. Radicals therefore concentrated on

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anti-clericalism, taking steps to have nearly all religious orders suppressed and the Church disestablished. For such work they had the full support of the Socialists, who felt the maintenance of a democratic Republic an essential preliminary to the introduction of Socialism. But the time was soon reached when the anti-clerical policy had been fully carried out, and when Socialists expected as a reward the promotion of social reforms. Radicals now found themselves at a cross-road. While a minority inclined towards Socialism, the greater number would not abandon social Conservatism. The double title adopted by the party well indicates its lack of unity. So far they had only revived the old programme which Republicans had outlined as early as 1869 and that had now been carried through. A new one was urgently needed. How could it be drafted when, unable to agree on social reforms, the Radicals, who had never been much interested in foreign policy, were not prepared to meet the diplomatic situation which, in the years before 1914, was steadily becoming more dangerous? Radicals much preferred to stick to anti-clericalism, which by now should have been a dead issue.

The surprising fact is that, nevertheless, they not only maintained their electoral positions, but also made sufficient progress to dispense with the Socialist vote in Parliament and form a majority by themselves. According to their enemies their survival was only due to a clever and unscrupulous nursing of constituencies. But the explanation is not satisfactory, and one is bound to admit that Radicalism well suited the electorate while anti-clericalism remained alive.

In order to understand it, let us inquire where the strongholds of Radicalism lie. Two-thirds of its constituencies are south of the Loire, in those parts of the country farthest away from the frontiers and the least interested in foreign problems, where oratory flourishes and logical principles are all powerful, where industry is less prominent and agriculture prevails.

Radical electors, first and foremost, are the peasants, not so much the agricultural workers as the farmers who possess the fields on which they live. Except in some districts in the West, still devoted to Conservatism, French peasants have always kept the Revolutionary tradition of Republicanism

with the liberties inherited from 1789. They resent the political influence of the Church and do not allow the priests to interfere with their votes. Next to the peasants are to be found the shopkeepers, the craftsmen who live much the same life as their employees and are still so numerous in provincial towns. They also have always voted Republican, and now usually vote Radical. Last but not least, the *fonctionnaires*, who were nearly all appointed in the years when the Radical party was in power, are eager to support it. The Civil Service has for long been in France the best way for a young man of popular origin to rise in the social scale, and Radicalism is of all parties the most willing to favour their ascent. Its traditions and its social surroundings are thoroughly democratic. To quote a brilliant French writer, Thibaudet, it is "*le parti des petites gens*," as opposed to "*les gens bien*."

The same author well explains how the spirit of the Revolution has survived in Radicalism. The party has preserved the same idealism, with the same tendency to suspect the "purity" of all those who stand outside. It is "*un parti d'idées*" supporting

“*des idées de parti.*” Committees which dominated the Revolutionary Assemblies, are also supreme in Radicalism, and their anonymous rule makes it more difficult than in other parties for strong men to use their personal influence. In some cases of emergency, however, a Radical leader has been able to enjoy powers which remind us of Robespierre’s dictatorship over the Committee of Public Safety. The tradition of Revolutionary dictatorship has not altogether disappeared. It is chiefly when the party has to face the dangers of war or of an acute diplomatic crisis, that its strong Patriotism makes it submit to the authority of a single man. Radicalism combines devotion to peace and even a definite lack of interest in foreign policy with ardent Nationalism, a strong belief that France alone upholds true democratic principles and might be called upon to carry them across her frontiers. Clemenceau’s attitude was in that way typical of that of a Radical leader.

One could also find an equivalent to the part played during the Revolution by political clubs in the activity displayed by the large union of teachers. Radicalism has always paid special interest to educational

problems. The anti-clerical battle is fought chiefly between State schools and Church schools. What Radicals have at heart is not only to prevent children from being trained to regard with diffidence the Republican regime, but above all to provide education for all. Hence their proposal for introducing a "Single School System." Children of the working classes have not been able, so far, except for numerous scholarships, to enter the secondary schools attended by the young *bourgeois*, and the influence of Church schools is also strong on the *bourgeoisie*. The aim pursued by Radicals is not to have the period for compulsory attendance in primary schools extended, but to have all children admitted without fees to the lower grade at least of secondary schools. The heavy costs of the reform have not prevented them from going ahead, and it is now in process of accomplishment. Radical leaders themselves more often than those of any other party, even the Socialists, are men of popular origin who, by scholarships, succeeded in passing through the *lycées* and in entering the Universities, and Thibaudet has been able to define the Radical Republic, "*une République des Professeurs.*"

It is its democratic spirit which keeps anti-clericalism alive and makes it the backbone of Radical propaganda. It also goes far to explain why Radicals paid so little attention to economic problems. Apparently they felt it sufficient to oppose all kinds of aristocracies and ensure equal opportunities open everywhere to all. The farmers and the craftsmen, who kept an independent life and invested their savings in State Securities, did not ask for more, while the Civil Servants were pleased, even with small salaries, to share the enjoyment of power. For long Radicals did not seem to realize the force of Capitalism and overlooked the influence of banking and industry.

They were clearly not prepared to face the ordeal of war and tackle the financial problems of recent years. Although they had a majority in Parliament, they did not lead the War and had to submit, with all other parties, to the dictatorship of Clemenceau. In 1919 he even compelled them to join the *Bloc National*. Later on, however, they made an amazing recovery. In common with the Socialists, they reconquered power in 1924 and, having no solution of their own to meet the financial crisis, accepted

the advice of their old allies. It led them to complete fiasco in 1926 when, once more, they submitted to dictatorship from outside. But as early as 1928, returning to Opposition, they persistently refused seats in the Poincaré and Tardieu Cabinets, with the result that the elections of 1932 made the Left parties victorious, and it was not the Socialists but the Radicals who obtained the greater share of their common success.

This success was partly due to the World Crisis, which obviously favoured the Opposition, but much more to those permanent forces which always worked on the Radical side, and, to some extent, to the effort the party was now making to recast its programme.

Having at last realized that economic and foreign problems are now predominant, Radicals attempted to define their attitude towards them.

From their failure in 1926 they drew the conclusion that a financial policy dictated by Socialists has no chance, so long as proper relations between political and economic forces are not established. Herriot felt his efforts had been checked by a "barrier of wealth," while Daladier, using words more

familiar to Radicals, declared that the destruction of religious orders should be followed by that of the "financial orders." Financial groups must not compel French Democracy to serve their own interest.

An attempt was made to outline a programme known as a "planned economy"—*économie dirigée*—involving closer supervision of banking activities in order to protect the private savings and the independence of the State. The National Economic Council, founded after the War, was to be reorganized to contain elected representatives of professional interests who, nevertheless, would remain subject to Parliament. Whenever possible, large undertakings were to be transformed into public corporations controlled by representatives of the State, of its servants and of the public.

The programme remains vague, and Radical Cabinets have so far had little opportunity to put it into force. The financial situation, when in May 1932 they acceded to power, was delicate enough to make any open conflict with moneyed interest for the time undesirable. Although gold had accumulated, the relative position of the foreign exchanges raised a dangerous monetary prob-

lem. Trade was declining, and, above all, the budget revealed a large deficit. Radicals had first to restore its balance, and feared that, if they showed again a willingness to accept the views of their Socialist friends, they might be the victims of another financial panic. However, they are fully aware of the economic difficulties of the present time. They feel that their own electors expect them to innovate, that peasants want their savings protected from unscrupulous financiers, and craftsmen their trades safeguarded from competition with big concerns. They hope that in calling for "an economic '89" they will rally the support of the people and free French Democracy from the economic interests which restrict its liberties.

On the other hand, foreign policy now much attracts the attention of Radical leaders. They do not share the belief of Socialists that Security can be achieved only by previous Disarmament, but, in 1924 as in 1932, they worked hard to organize Security. Of all French parties the Radical is the more anxious to develop the influence of the League of Nations and also to bring about a closer co-operation of France with Britain. To secure peace by the common will of all

nations and the joint action of democratic governments is completely in line with the Radical traditions. The French so far have appeared naturally inclined towards Radicalism, and there is no obvious reason why they should change.

At the time of writing (1933) the Socialist party is suffering from an acute crisis, and it is not yet possible to appreciate its effect, nor even to see whether Socialism is nearing a period of progress or decline. But the story of its activity after the War well explains both its surprising achievements and the difficulties it is now encountering.

It is undoubtedly, of all French parties, the one that has enforced the strictest discipline and built up the best machinery, with local Federations at work in all *départements* and a Permanent Committee of twenty-five members elected by annual Congresses to take charge of the leadership. In the present Parliament it has 130 members. Some thirty other Socialist deputies—"French Socialists" or "Republican Socialists"—sit apart, but their groups do not make a serious impression on the country. As for the Communists, they do not occupy

more than twenty-three seats, and, although they recorded 796,000 votes in 1932, their influence is geographically much limited.

The Socialist party, which calls itself the "French Section of the Workers' International" (S.F.I.O.), had nearly broken down after the War, and is proud to have now recovered the strength which it possessed in 1914. The result was obtained by maintaining the principles and traditions of pre-war days.

It has kept the doctrine of Marxism to which French Socialists have for long been attached with a kind of mystical devotion. They deserted their own Socialist thinkers, even the greatest, Proudhon, and the victory of the German armies in 1871, followed by the failure of the Parisian Commune, apparently contributed to make Marxism predominant in France.

No direct connection existed between the Socialist party and Trade Unionism, which had developed separately. The Workers' Unions did not attempt to send to Parliament their own representatives and, receiving but small subscriptions from their members, were indeed not able to offer the party financial help. Moreover, the Central Council of

French Trade Unions, the *Confédération Générale du Travail* (C.G.T.), which controls the Federations of Unions and the Trades Councils, was before the War not interested in politics, nor even in the maintenance of democratic institutions. It had formed a doctrine of its own, "Revolutionary Syndicalism," according to which an active minority of the working class was entitled by acts of violence, "direct action," above all by the furthering of strikes, to prepare a social revolution.

The Socialist party, on the contrary, largely owing to the influence of Jaurès, believed that Socialism would only succeed in a democratic State. When in 1899 the Dreyfus crisis had threatened the very existence of the Republic, the party undertook to support Radical Cabinets and form with Radicals a coalition for the defence of the existing regime. The "reformist" tendency was much criticized by adepts of the revolutionary tradition, and in 1904 Jaurès had to submit to the decision of an International Congress which condemned joint action with the *bourgeoisie*. He succeeded, however, while organizing a united party, in preserving local alliances with Radicals in the

constituencies, and thus constantly increased the party's membership.

The War had similar effects on the Socialist party and on Trade Unionism. At first, both unanimously supported the effort for National Defence and resisted the German aggression. Later on, there appeared a minority which hoped that international action of the Workers could stop the War and wanted to resume relations with German Socialists. It slowly gained strength, but not before 1918 was it able to record a majority of votes in the party Congress. Bolshevik propaganda was at that time active and, in 1922, produced a schism. A Communist Party was formed, dependent on the Third International, while the old party remained faithful to the Second. Its machinery was, however, disorganized, its membership much reduced and its deputies, who in the elections of 1919 had to fight all the other parties grouped in a *Bloc National*, had suffered a severe defeat.

Under stronger leadership the C.G.T. had been passing through the same ordeal. During the War it had been content to keep a watch on wages, and found the Government prepared to maintain them at a high level in order to avoid internal troubles. On the

other hand, it had won credit in Government circles. In 1919 Unionist leaders believed that a period of general reconstruction was providing for social reforms extraordinary opportunities that should not be lost. They, accordingly, drew up a "Minimum Programme," which appeared timid as compared to their pre-war ambitions, and immediately recorded a striking success when Parliament, without much opposition, decided for the general principle of an eight hours' day.

Communists, however, denounced its moderation. There followed in 1920 an outbreak of strikes, which the C.G.T. disapproved of, and which ended in conspicuous failure. Still the Communists were very troublesome, and the C.G.T. did not endeavour to placate them when the Unions, which had been won over to their side, retired to form a separate committee, the *Confédération Générale du Travail Unitaire*, (C.G.T.U.) under the supervision of Moscow.

The period of economic depression which now began, was not favourable to revolutionary movements, nor even, it is true, to social reforms. But the C.G.T. was able to keep its organization solid and to do useful work. It did not create such links

with Socialists as existed in Britain, but preferred rather to collaborate with the Left Parties in other fields. Thus was founded a National Economic Council on which the C.G.T. was given a large representation. Its most eminent leader, Jouhaux, acted as France's delegate at the meetings of the League of Nations and the International Labour Office.

Meanwhile, the Socialist party had been reconstructed, and, with a very able leader, Léon Blum, was making rapid progress. When the Radicals left the *Bloc National*, the Socialists readily agreed to renew with them an electoral *Cartel*, and, after the 1924 elections, secured in the new Parliament a dominant influence. While keeping close to the tradition established by Jaurès and refusing to hold seats in the Radical Cabinet, they managed to control its policy to a large extent. It seemed that they would succeed in passing legislation introducing a Capital Levy and fiscal reforms on Socialist principles. But resistance of the moneyed interest and distrust of the public produced a financial crisis that, for a time, broke the Radical-Socialist alliance. It was, however, resumed as early as 1928 when the Radicals

returned to Opposition, and the 1932 elections found it again in working order, with the result that the Socialists won 130 seats and the Radicals 157.

The political situation, at first sight, resembled that of 1924. But great differences existed which soon came to light. The Radicals, we have seen, were no longer willing to support financial reforms advocated by the Socialists. They held them responsible for the trying setback which they had encountered in 1926, and observed with growing irritation the claim of the Socialists not to share with them the responsibilities of power, yet to dictate their policy. On the other side the Socialists hesitated.

The Right Wing of the party had since 1924 argued in favour of closer co-operation with the Radicals. They now felt that a negative attitude could no longer be maintained, and recommended acceptance of ministerial seats in a Radical Cabinet which they were confident would then forward social reforms. But a strong Left Wing indignantly denounced their betrayal of Socialist principles. In recent years Blum has needed all his skill to keep his party united and rally the majority to his side.

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The principles he followed were simple ones, but their application was subtle enough. He believed in Marxian Collectivism, being convinced that collective property will replace capitalistic property, that, in due time, a revolution will occur by which education, work and leisure will take new forms under new laws. The World Crisis, he claimed, already shows that Capitalism is nearing its end. Some kind of violent change will become necessary, and law, as he said, will have to take a holiday. Meanwhile, why should Socialists refuse to support social and economic reforms, oppose and even resent attempts made to improve the present Society? Communists, indeed, are mistaken in the belief that a social revolution is similar to a political one. The latter can be accomplished in a short time by a sudden display of force, but the former is too big a change for the same methods to succeed. Preliminary steps are needed which can only be taken in democratic States.

Socialists, therefore, have to collaborate with other democratic parties, but, in so doing, must be very careful not to allow their revolutionary spirit to evaporate. Blum has always opposed the entrance of Socialists

into Coalition Cabinets, but has been ready to support by Socialist votes a democratic policy.

This had been done in 1924, but, before the elections of 1932, Blum obviously doubted whether it would be done again. When, outlining the minimum programme which Socialists would be prepared to accept, he asked for immediate Disarmament, Nationalization of railways and insurance companies, he well knew that Radicals would not be willing to go so far. However, he favoured the electoral Cartel of the two parties and approved of the decision reached by the Socialist Congress, leaving local Committees free to take such steps as they would think necessary to "fight Reaction."

At this stage Blum clearly acted on the assumption that the Cartel would work chiefly for the benefit of the Socialists, who would win many seats from the Radicals. His view was widely shared even outside his party, and the results of by-elections seemed to support it.

The electoral position of the party appeared hopeful, but also made its policy uncertain. It could not expect further to increase its strength, nor even to maintain its member-

ship by seeking only the support of industrial workers, and was taking great pains to win over electors from outside. Many who belonged to the lower middle class, were induced to vote Socialist in order to express their discontent. Civil Servants whose salaries had for a long time remained inadequate to the rise in the cost of living, would also be easily attracted. The trade-union movement in the Civil Service tended to strengthen the party. Socialists in recent years had been turning their attention to the farmers' vote. In rural constituencies an active propaganda had been undertaken not only among agricultural workers, but also among the many owners of small farms. The Congress of Bordeaux in 1930 had resolved that all those not employing a large number of labourers and working as hard as their labourers, must not be regarded as Capitalists. Socialism did not contemplate subjecting them to Collectivism and was not a threat to their independence.

Socialism therefore was appealing to the same groups of electors as Radicalism. While one is not surprised to find both parties working in common, it is clear that

Socialists expected to progress at the expense of the Radicals.

The results of the 1932 elections were somewhat disconcerting to them. It is true that they increased their votes to 1,964,000, but there was no decline of Radicalism, as the Radical-Socialist Party recorded 1,836,000 votes and Independent Radicals 955,000. Radicals were in high spirits. Herriot now bluntly refused to accept the programme outlined by Blum and trusted that, if he took the lead, other groups would gather around his Cabinet and give him a majority.

Opinions within the party were drifting apart. The Right Wing felt that the party could no longer stand aloof, and that co-operation with Radicals was ever more necessary. The majority, on the contrary, stood on the defensive with a growing apprehension that the Revolutionary traditions of Socialism were weakening. In December 1932, when Herriot's Cabinet was defeated, and again in March 1933, when there occurred a new ministerial crisis, the party did not allow its members to accept the ministerial posts which the Prime Ministers, Boncour and Daladier, offered them.

While Marxism had lost for a time its

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offensive power, Blum believed that progress could be made in other fields, and, turning to problems of foreign policy, he was endeavouring to persuade Frenchmen that Socialism alone stood completely for Peace. Thibaudet rightly observes that Peace had become the slogan of the Socialist party. When Radicals insisted on Security, Blum persistently supported the view that Security must follow Disarmament, asking the Government not to oppose an immediate reduction of military forces.

One can easily conceive the effect which, at this stage, the Nazi Revolution had on French Socialism. It struck both ways, when Frenchmen witnessed at the same time the collapse of German Marxism and Hitler's military outburst. No wonder that the Right Wing now revolted. It only rallied one-third of the local Federations, but had the majority in the Parliamentary Group. On several occasions the group was led to the policy of abstention and to support the Radical Cabinet by its votes. When called by a special Congress to justify its attitude, the Right Wing was again defeated, but made no secret of the fact that it would rather leave the party than submit any longer

to its unwise decisions. Finally, after the fall of the Daladier Cabinet (November 1933), thirty-two Deputies, who had voted with the Government, were excluded from the party, and they immediately undertook to form a new one (*Parti Socialiste de France*).

The leaders of the movement, Renaudel, one of the most faithful of Jaurès' disciples, and Marquet, the able Mayor of Bordeaux, thoroughly disapproved not only of the tactical move which the old party recommended, but of the whole policy it had for long advocated. Conditions in Germany made them now believe that French Socialists must prepare to support France's effort for National Defence and not press for Disarmament. But even more shocking to the party was their open denunciation of Marxism as a mystical creed which only wanted devoted worship. Action was needed. The organization of the State on Socialist lines and the imposition of its views on high finance could not be delayed. For such steps some kind of dictatorship was necessary. When Fascism and Communism were spreading over Europe, the Government must be given power for resistance.

But to conclude that these Socialists, as

the Foreign Press announced and Blum himself bitterly remarked, were willing to introduce Fascism in France, would be wrong. The future may show whether they are playing the game of Fascists. At least they have always defended democratic and parliamentary institutions which Jaurès taught them to regard as the necessary condition for the progress of Socialism. The strong government they are asking for is that which a closer union of Radical and Socialist forces alone can maintain in power. Even when talking of dictatorship they are not coming nearer to Fascism, but nearer to the Radicals who, as we saw, are not altogether opposed to such a form of exceptional rule. Blum is probably right in foreseeing that their policy leads to an eclipse of Socialism, which would only subsist as a driving force within the frontiers of Radicalism. However, it remains an open question whether in a country with peasants and middle classes still so important, Revolutionary Socialism has not temporarily enjoyed an excessive amount of influence and must not contemplate a decline.

At any rate, the problem of the relations between Radicalism and Socialism has for

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over thirty years dominated French politics. It has survived the War, but it may be that the great economic transformations produced by the War, and the Nationalist movement which has now inflamed Europe, will both contribute to its solution.

CHAPTER III

ECONOMIC POLICY

IN the economic history of France after the War, the year 1926, when a financial recovery was made, provides the most convenient landmark. Before that year industry and trade enjoyed a somewhat artificial activity, but the Budget was unbalanced, and little fiscal effort was made. 1926 opened an era of unexpected prosperity which, however, came to an end under the effect of the World Crisis, leaving great difficulties to be solved. To define France's economic policy during that period is to explain not only how her recovery was obtained, but also why she was so long in facing the financial problems raised by the War, what use she made, later on, of her prosperity and, finally, how it happened that she again found herself in serious trouble.

During the War little effort had been made to meet by taxation the enormous increase of expenditure. No regular Budget

was voted, and it was difficult for Parliament to refuse votes of credit. The Government borrowed large sums out of the Bank of France and still larger ones from the public in the form of *rentes perpétuelles* issued in 1915, 1917 and 1918. Above all, the Floating Debt was constantly increased by the perpetual selling and renewal of *Bons de la Défense*, which the country found a most convenient form of short-term investment and was always willing to accept. Thus the Government was able to finance the War, while a great part of the money spent was rapidly returned to the Treasury. Moreover, assistance from Britain and America prevented a disastrous fall of the exchange.

Frenchmen were not blind to the danger and unsoundness of such a policy, but doubted whether any other was at all possible. Economy could not be strictly enforced. Indeed, profiteering used the opportunity of a period when officials agreed readily to pay heavy prices and Ministers, anxious to avoid stoppage in the factories, accepted a high level of wages. But there was no possibility of balancing by existing taxes more than a very small proportion of the War Budgets, and they could not be

much increased. The fiscal system did not allow France to find large sums by income-tax as the British Exchequer was doing. An income-tax did not even exist at the opening of the War, as the *bourgeoisie* had persistently opposed its introduction on the ground that it involved fiscal inquisition. The old system of direct taxes inherited from Napoleon had been preserved, and had indeed worked well in normal days, but could not rise to the emergency. When, in 1917, Parliament voted an income-tax, it was clear that many years would elapse before it would work properly, and that in the middle of the War, when citizens served with the Army or were truly unable to know what their income was like, very little could come out of the reform.

France at that time felt more deeply than her Allies the destructive effect of the War produced by a general conscription lasting through four years and the devastation of her richest areas. The moral strain on the people was so severe that the Government refrained from adding to the burden which they had to bear.

The conclusion of Peace was not followed by an immediate change of policy, and

France has been often criticized for her lack of fiscal courage. Her expenditure, which of course was much reduced, still remained far above her income. The country was working at full speed and production forged ahead. Yet Parliament accepted large deficits.

One must here remember the position in which France stood at the time. Economic and financial solidarity with Britain and America had ceased after the Armistice, so that the franc now stood at half its pre-war value. Its value was, however, not falling down. At Versailles provisions for Reparations had been made, and Frenchmen were convinced that at least the greater part of the German debt would be paid. Above all, the reconstruction of the devastated areas had to be accomplished without delay. It was imperative that normal work be quickly resumed in Northern France. The costs were bound to be enormous and experts estimated them at over 100 milliard francs. As no substantial payment was expected from Germany in the near future, the sum had first to be obtained in France. It meant that the Government would go on borrowing on a large scale.

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On such conditions was it possible much to increase taxation? Parliament did not think so. In 1920 it voted 8 milliards of new taxes, but felt it could not go further, and was entitled to write down the sums needed for the devastated areas in an "Extraordinary Budget," to be covered by loans.

The course adopted by France was quite contrary to that followed by Britain. France felt that more important than financial equilibrium was economic recovery, and the special difficulties she had to face explain her decision. When a period of economic depression opened in 1921, France, less burdened by taxation, did not suffer so much as Britain. Her industry remained active, her trade increased, and its visible balance became favourable in 1924.

At this stage, however, the danger of such a policy suddenly became apparent. Owing to the collapse of the mark and the disapproval of the occupation of the Ruhr expressed by Anglo-Saxon countries, there occurred a brisk fall of the franc. Parliament had to accept an immediate addition of 20 per cent to all existing taxes in order to restore the exchange. But, at the elections which took place in May 1924,

the country showed its discontent by voting for the Left parties.

The crisis caused in the first place by France's reluctance to balance her Budget, was made infinitely worse by the political conditions which prevailed during the next years. The Coalition of Radicals and Socialists now in power was unable to handle the problem. Socialists proposed extensive nationalization and the adoption of a Capital Levy. Radicals were afraid of accepting their programme in full, but could not progress on independent lines. The public was obviously frightened by the prospect of Socialist reforms. The enormous Floating Debt made the Government dependent on the goodwill of millions of subscribers who, at any moment, could make the Treasury bankrupt, and bankers and industrialists who had in hand a large number of bonds, could resist the will of Parliament by refusing to renew them. While foreigners lost confidence, many Frenchmen also began to export their capital.

In vain did Parliament now repeatedly extend taxation, vote an increase of 50 per cent on income-tax (December 1925) and 7½ milliards of new taxes (April 1926). The

collapse of the franc made it utterly impossible to balance the Budget. In July 1926, with the franc reaching 240 to the pound, the Cartel gave way, and all parties, except the Socialists, joined to support a Poincaré Cabinet.

Frenchmen did not consider Poincaré a financier of genius, but a strong patriot and a very able statesman, standing for sound financial principles while devoted to Parliamentary institutions. He fully answered their expectations. In forming his Cabinet he was careful to leave the political seats, above all the Ministry of the Interior to the Left parties, who held the majority in the House. The Radical leader, Herriot, was appointed to the Ministry of Education, where he could proceed to the reform of schools which Radicals had so much at heart. But the economic posts were given to the Right parties, whose financial policy was now to prevail. Tardieu went to the Ministry of Public Works; Marin to the Ministry of Pensions, while Poincaré himself took charge of the Ministry of Finance.

Supported by an overwhelming majority,

he did not need any constitutional amendment to give him dictatorial powers. These he used in a very simple way. An Act of Parliament on August 5th decided an all-round increase of taxes, the principal indirect taxes and the schedules of the income-tax being raised at the same time. The reform was to produce 9 milliards.

A special Fund for the Redemption of the Debt was created, endowed with the produce of the Tobacco Monopoly and the estate duties. It was placed under independent management, and, in order to protect it further from future encroachments, a National Assembly met in Versailles and had its status embodied in the Constitutional Laws.

During the summer Ministers issued decrees, later on sanctioned by Parliament, which initiated a drastic administrative reform and suppressed unnecessary offices. Finally, the Bank of France provided ample means to protect the exchange.

Frenchmen trusted that a recovery would be made, but they themselves were surprised by the amazing rapidity with which the whole situation was reversed. Not only did the franc easily maintain its position,

but it was difficult to prevent a rise which would have been harmful to industry and trade. Events showed that the crisis was mainly due to political disorder and that order and confidence were sufficient remedies. While it is true that Poincaré saved the country from financial disaster, one must add that, above all, he allowed the country to save itself.

France then entered a period of unusual prosperity. With the franc stable at 124 to the pound, a serious crisis in trade and industry was avoided. French capital that had crossed the frontiers came back at full speed, while foreign investors were eager to profit from any further rise of the French currency or of French shares. The Budget showed a large surplus, and sums accumulated in the Treasury as taxes much exceeded the estimates. The total amount of the Debt was reduced, and a large proportion of the Floating Debt was consolidated.

It is not surprising that, at the elections of 1928, the country, leaving all considerations of parties aside, expressed its strong approval.

Poincaré then proceeded to the legal stabilization of the franc, which had now

for nearly two years stayed at the same level. He was led to this decision by two motives, and one cannot say which of them took precedence in his mind.

First, there remained many Frenchmen who still objected, on the ground of principle or prestige, to a permanent devaluation of the currency, and hoped that the franc would rise by successive stages to its pre-war level. To Poincaré this was quite impossible, and the country could not remain in a state of uncertainty any longer. On the other side, the Bank of France, in order to meet the persistent demand for francs, had been compelled to acquire large holdings of foreign balances which were continuously growing. They had now reached an excessive amount, and the Bank urged that it could not continue on these lines. In June 1928 Parliament, therefore, adopted the Gold Bullion Standard, and the Bank in future no longer accepted foreign currency but gold.

Legal stabilization was made at the rate of 124 francs to the pound, and perhaps it might have been higher. At home Poincaré was reproached for his timidity, and abroad was later on criticized for having given France excessive advantage in competition with other

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countries. The international aspect of stabilization will be considered at a later stage. Here it is enough to note that Poincaré feared that, even at such a low rate, the economic activity of the country, by losing the artificial stimulant of inflation, would be reduced, and was anxious to make the inevitable crisis less severe. As a matter of fact, only a few months were needed for production to adapt itself to the change. But no doubt Poincaré much preferred to err on the side of a too low than a too high rate, and in so doing he once more emphasized France's tendency not to sacrifice her economic structure to her finance.

Meanwhile, one could already foresee that prosperity would produce new difficulties. Expenditure was growing by leaps and bounds. It reached, in 1928, 45 milliards, showing an increase of 5 in two years; in 1929, 50, and, in 1930, exceeded 51. Such high figures were still easily met by increased returns from taxes. But there was of course a wide demand for the reduction of taxation. Poincaré made a strong resistance. However, when in August 1929 ill-health compelled him to resign, his

successors proved less obdurate. During the year April 1929 to March 1930 alone, taxation was reduced by 5 milliards, while expenditure increased by more than the same amount.

After the slump in the New York market (September 1929), France's policy did not change, and until 1931 few Frenchmen understood that they also would suffer from the general depression. When at that time Tardieu formed his Cabinet, he still declared that he would pursue "a policy of prosperity," proposing to use the reserves of the Treasury for a wide programme of public works and social reforms. Parliament did not endorse his scheme, but voted other credits that were often more objectionable.

The wages and salaries of Government employees were raised to a standard appropriate to the index of prices. They had been kept very low before the War, and later on had by no means followed the depreciation of the currency, with the result that State servants endured great hardship and felt much discontent. The reform was long overdue, but it is a pity that it was effected just at the time when economy was again needed, at the beginning of another

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crisis during which citizens with a fixed income would suffer less than other groups of the community. Poincaré had insisted that it should be done by stages, but Parliament prevailed on Tardieu to have it completed in 1931.

Civil and Military pensions for Government employees increased in proportion to the new scale of salaries and owing to the reduction from 60 to 55 of the age at which pensions were due. In 1930 there were over 500,000 pensioners, costing the Budget nearly 4 milliards. War pensions, for which Reparations payments could no longer be expected, burdened France heavily, because of the numbers of those to whom they were granted. 1,181,000 ex-soldiers, 704,000 widows and orphans, 831,000 parents were pensioners in 1932, receiving between them roughly 5 milliards a year.

Parliament contemplated reducing the charge by creating a special Fund of which part of the income would derive from loans. However, it refrained from doing so, because it would have laid an enormous burden on future generations, but agreed to the principle of granting small pensions to all those who had fought in the War, with the result

that, in 1932, another category of 1,372,000 ex-soldiers also received assistance from the State.

Large credits were allocated to Social services. An expensive housing bill had proved necessary in 1929. The Ministry of Education, where Radicals constantly advocated reforms, now received credits of over 3 milliards, against 330 million gold francs in 1913. Above all, Parliament voted in 1928 a Social Insurance Act which had been discussed for seven years, and finally came into force in 1930.

It was a most ambitious scheme. Compulsory insurance had not been so far favoured in France. The State, while providing assistance in many ways and keeping a Fund for free insurance available for workers, was content to supervise and support the numerous Friendly Societies which had grown in recent years. A pre-war Act introducing compulsory insurance in the form of old-age pensions (1910) had never been properly enforced.

Now it was undertaken to organize at the same time old-age pensions, health and life insurance. The case of accidents was covered by a previous Act which held em-

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employers responsible for accidents occurring to their workers. Curiously enough, unemployment was left alone, the reason being that France had yet but an insignificant number of unemployed.

All those earning wages up to 15,000 francs came under the new Act, which raised contributions of 5 per cent of the wages from employers and employees. The State was not expected to make a larger grant than the amount which it should have paid under the Act of 1910 and under several Acts for assistance which now ceased to be in force. But one could foresee that estimates would be much exceeded.

Moreover, the reform imposed on producers a charge equivalent to a severe increase in taxation, just at the time when the depression made their position more difficult. At the end of 1932, there were 10 million insured workers, and their contributions, with that of employers, reached 3,180 millions, while the State was paying 840 millions. Yet the reform was far from being in full force, and before it could be so, many administrative difficulties had first to be solved. Thus the bold and generous attempt to place France on a

level with her neighbours as regards Social Insurance was made under the most unpropitious circumstances.

It was imperative to increase the credits allocated to National Defence. France had undertaken to reconstruct her Navy, so much reduced after the War, and allocated to the Naval Ministry 3 milliards in 1929. In the same year, 6,814 millions were spent by the War Office, including the expenditure on Colonial Forces. Since 1927, France had started reorganizing her Army. It was to be made a purely defensive force, and the period of military service was reduced to one year. But it became necessary to recruit a larger number of volunteers to strengthen the permanent forces, and also to have more civilians doing the non-military work which so far was carried on by soldiers. Above all, France could not afford the risk of a new invasion, and, after the experiments made during the War, had to erect lines of fortifications of a new type on the North-Eastern frontier. Military reforms therefore heavily burdened the Budget.

When France felt the effect of the World Crisis, the results obtained by Poincaré had already been jeopardized. The public and

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even Parliament were slow to understand the situation. But in 1931 banks restricted credit, and agriculture and industry began to ask for more protection. Indirect taxes, in close relation with the standard of economic life, declined. However, direct taxes, assessed on profits made during the preceding year, were not yet much affected, and the Treasury, with considerable reserves, found no difficulty in issuing short-term bonds. With general elections in the near future, the Government was not willing to admit its dangerous position. Discontent, spreading over the country, finally led to the electoral defeat of the Tardieu Cabinet, but not until June 1932 did Frenchmen clearly see the new difficulties they had to face.

The Herriot Cabinet, formed after the general elections, now took charge of the situation. The Budget showed expenditure of 55 milliards, which could by no means be balanced. Military credits were immediately reduced by $1\frac{1}{2}$ milliards, and a similar saving was obtained by converting from 5 to 4½ per cent part of the National Debt which had been above parity. However, the taxes collected were falling much below the estimates. Data from the 1930-31 budget met in the

autumn, the Budget Bill, with an expenditure of 52 against an income of 42 milliards, left a deficit of 10.

It could no longer be met by borrowing. The National Debt that Poincaré's policy had reduced to 269 milliards in 1930, had again risen to 292, and the most awkward factor was the reappearance of a large Floating Debt, with 10 billions of Treasury Bonds on the market. An increase of taxation was clearly not advisable when producers already found it hard to carry on. It was drastic "cuts" that were needed. But where could the axe fall?

The Debt services were out of the question, and, as for Military services, the greater part of the country felt that conditions abroad prevented a further reduction. There was nothing left but to fall back on Social services and on the salaries of Government employees. But Parliament was very reluctant to follow the Government and face the powerful opposition of unions of Civil Servants and pensioners.

Meanwhile, Herriot resigned after Parliament refused to pay the December instalment of the American Debt, and the Boncour Cabinet proposed to cover one-

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half of the deficit by taxation and one-half by economies. Strong but conflicting protests were made by Civil Servants, pensioners and groups of taxpayers, so that Parliament turned down Boncour's proposal. It was ultimately persuaded by the Daladier Cabinet to accept a compromise. One-third of the deficit would be met by loans, so that an excessive increase in taxation was avoided, while the "cuts" in salaries were very small. Pensions for the present were not reduced. Parliament assumed that taxes would again produce sufficient income when the worst of the World Crisis was over, and that the fiscal effort made since June, which amounted to not less than 9 milliards, would give the Government enough credit to allow some new borrowing.

While it was possible to vote in that form the Budget for the current year (1933), Frenchmen well understand that, in the present circumstances, loans cannot be multiplied. For the next year France again must decide either to enforce economies or to increase taxation. Unfortunately, a policy of economies encounters the same difficulties as in all other countries, and to these is

added that arising from the attitude of Civil Servants. Their unions most decidedly oppose any reduction of their salaries, and a previous chapter has indicated their strength.

On the other hand, can taxation be increased? Frenchmen believe that they are over-taxed, or at least that the limit of productive taxation has already been reached. But, since the War, there exists abroad a widespread belief that France lacks fiscal courage and allows fiscal evasions to continue. Let us therefore inquire how far that may be true.

The distribution of taxes must first be explained. Before the War indirect taxes much exceeded direct taxes, and at present the position has not been reversed. Taking 1929, the last year before the World Crisis, it appears that indirect and direct taxes produced respectively 32,103 and 18,132 millions. In the first group customs (4,424), excise (6,264), estate and stamp duties (8,044) have always formed a huge source of revenue. To these was added after the War a turnover tax (*impôt sur le chiffre d'affaires*), by which not less than 10 milliards were raised.

Direct taxes include the old land-tax (1,633) and the income-taxes introduced in

1917. These consist of a "general tax," based on the total income above a certain level, and in addition of four so-called "schedules," under which the rate varies according to the profession of the taxpayer; thus the Frenchman pays twice.¹ Income-taxes are now paid by 2 million citizens, but the proportion of large incomes is much smaller than in Anglo-Saxon countries. In drawing comparisons, account must also be taken of the tax deducted at the source on dividends (*impôt sur les valeurs mobilières*), which in 1929 produced 4 milliards. Thus, on the whole, taxes on income contributed 12,615 millions to the Budget.

The result is not disheartening. France appears to be slowly getting used to the new direct taxes. There is no doubt, however, that fraud remains considerable. How far it is practised for the general tax

¹ For purposes of determining the amount of taxable income, income below 100,000 francs is divided into portions of 10,000 francs, the first portion being exempt, and the taxable income then consists of a percentage rising from 4 per cent to 40 per cent of each successive portion; above 100,000 francs the portions are of 25,000 francs. The tax is finally fixed at one-third of the taxable income.

it is unfortunately impossible to estimate. Socialists declare that the wealthy Capitalists are hiding part of their income, and to some extent it is certainly true. They recommend drastic steps in the form of an inspection of private accounts in the banks. But the *bourgeoisie* is much opposed to "fiscal inquisition," and on several occasions Conservative Governments have expressed the opinion that the loss incurred by the State was not large enough to justify the creation of any expensive system of inspection. Parliament has considered various proposals for reducing fiscal evasion either by comparing the income which a taxpayer declares with the rent he pays and the number of his domestic servants and of his motor-cars, or by deducting the income-tax at the source on dividends. Experts from the Treasury estimate the loss incurred on the general income-tax at at least 800 millions, but the association of taxpayers maintains that it does not exceed 250.

Taking, on the other hand, the schedules, statistics show that, in 1932, salaries were expected to pay 961 millions; industry and trade, 3,342; agriculture, 34; and liberal professions, 202. Fraud by wage and salary

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earners is out of the question, but, for liberal professions, estimates are uncertain and evasion easy. As regards industry and trade, which have also to pay the turnover tax, one can assume that, even if some part of their profits are not declared, they very nearly contribute their full share to the Budget.

It is the small figure expected from agriculture which is above all striking. Farmers are due to pay 4 per cent for the part of their incomes between 2,500 and 4,000 francs, 6 per cent between 4,000 and 6,000, and 12 per cent above that limit. Many farmers are poor and badly hit by the present depression. But even before the Crisis, they did not contribute more than 200 millions. One is surprised to find less than ten thousand declaring an income of more than 20,000 francs. It is obvious that agriculture is not properly taxed, and that Parliament refrains from enforcing the law.

But, considering the total amount produced by taxation and being careful to add local taxes, one ought to be able to appreciate the burden lying on the shoulders of French taxpayers, and compare it with that which exists abroad.

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Comparisons drawn and published by the Press have often been extremely misleading.

When, in 1924, Mr. Winston Churchill declared that the charge *per capita* in Britain and France was as follows :

	1913-1914.			1925-1926.		
	£	s.	d.	£	s.	d.
United Kingdom .	3	11	4	15	2	8
France	3	7	0	8	5	10

his statement was much criticized in England as in France.

More helpful are the figures given by Professor Bowley (*Some Economic Consequences of the Great War*, p. 120), estimating in sterlings the taxation *per capita* of population in 1923-24 in both countries :

	United Kingdom.	France.
National Taxes .	9.6	5.9
Local Taxes .	2.2	.9
	<hr/>	<hr/>
	11.8	6.8
	<hr/>	<hr/>

Professor Bowley adds that conversion into sterling is misleading, as "for local expenditure the franc should not be so heavily discounted as the rate of foreign exchange suggests."

It does not follow, of course, that taxation was twice as heavy in Britain as in France,

because the incomes of the two countries differ considerably. Professor Bowley reaches the conclusion that the percentage of national income absorbed by taxation at that time was 22 per cent in Great Britain and 18 per cent in France.

These figures, however, concern the period which *preceded* France's greatest fiscal effort. More up to date are those contained in a careful study of the subject issued in 1931 by the *Bulletin de la Statistique Générale de la France*. The charges *per capita* supported by French taxpayers are here calculated at 1,382 francs for 1928, and 1,522 for 1929, the year when taxation reached its maximum, as against 129 gold francs for 1913. As francs were reduced to one-fifth of their pre-war value, it appears that Frenchmen paid approximately three times more than in 1913.

As regards the percentage of the National Income absorbed by taxation, the following conclusions are reached :

	1913.	1924.	1928.
France . . .	14.2	20.1	26.1
Great Britain. .	11.9	20.5	21.2

It is, of course, difficult to estimate National Incomes, and one is not surprised to find

that Professor Bowley and the French authors do not entirely agree. But the figures published by them at least support the conclusion that, on the whole, the burden of taxation is much the same in both countries. This explains the seriousness of France's present financial situation.

While France's financial policy traced the curve which we have outlined, her tariff policy seems, at first sight, to have remained unchanged. France has not ceased to be strongly protectionist. However, her policy has taken various forms and undergone an evolution that must be explained.

Before the War there were two distinct tariffs, a general, and a minimum, with duties reduced by half. Both were "autonomous", that is, France always preserved the right of changing them. But commercial treaties had granted the advantage of the minimum tariff, with most-favoured nation treatment, to all important countries except the United States.

In 1916, the Government, which during the War controlled imports, was allowed to raise duties by ministerial decrees, and, after the War, conditions of the exchange much

affected the working of the tariffs. The average index of Protection which stood at 8·7 per cent in 1913, had fallen to 5·2 in 1919. It increased to 8·8 per cent in 1922, but was reduced to 3·3 in 1925.

France was therefore compelled to take emergency measures, either by introducing surtaxes *ad valorem* or by adding percentages of increase to the existing duties. Conditions were at their worst in 1926 when Parliament, in April and again in August, voted a general increase of 30 per cent of the tariff. It was clear that a wholesale revision was needed, with a new classification (*nomenclature*) of goods to replace the old one now obviously out of date. A bill to that end was laid before Parliament, but its passing was delayed by the many conflicting interests which were at stake. Finally, the treaties of commerce that France had to conclude made it necessary to reach a conclusion.

Meanwhile, as regards her tariff policy, France was also anxious to innovate. In order to prepare the way, all existing agreements had been denounced as early as 1918. They were only to remain provisionally in force until replaced by new ones. In 1919,

Parliament indicated on what lines negotiations would be opened. The minimum tariff was to remain the lowest level for duties, but the Government was allowed to "negotiate between the two tariffs," and to grant concessions in the form of percentages calculated on the difference existing between them. These would only be accepted against corresponding advantages, and France was unwilling to concede to any country the most-favoured nation treatment which had on her relations with other countries repercussions impossible to foresee.

The Government first concluded agreements with the new countries created at Versailles, and it already appeared that the principles laid down by Parliament could not be easily enforced. To Czechoslovakia conditions had to be promised not worse than those which, later on, Germany and Austria would obtain. To Finland and Poland an undertaking had to be given that, *in future*, they would not be worse treated than any other country.

Difficulties increased when France approached her best customers. In 1923 a treaty was concluded with the Union of

Belgium and Luxemburg. France was given most-favoured nation treatment, but conceded much the same, as she granted an all-round application of her minimum tariff, and even undertook not to raise her duties so long as prices had not increased by 20 per cent.

But a decisive step was reached when France had to fix her future relations with Germany. The period of five years during which Germany, under the Peace Treaty, had to apply the most-favoured nation treatment to all Allied Powers, with free entrance for imports from Alsace-Lorraine, was due to expire in 1925. Negotiations had started long before, but it was not until 1927 that, after successive partial agreements, a final settlement was concluded.

It was drafted in a very complicated form, the reason being that France, while obtaining most-favoured nation treatment, had finally decided to make the same concession and did not want to express it in a simple way. The two countries were giving each other the same advantages, and France also accepted the "consolidation" of her duties.

The treaty had the curious effect of

compelling France to carry out at last the revision of her tariff. Germany refused her signature until the new minimum tariff was known. It became therefore necessary to include in the treaty, lists of duties which would hereafter be applied.

For a large number of articles the reform of the tariff was thus accomplished. Parliament, being unable to pass the reform, was faced by the prospect of a breakdown of the negotiations with Germany, leading to a tariff war. It then agreed to abdicate its powers, and allowed the Government to sign the treaty on those lines. Agreement with Germany affected other countries (Switzerland, Italy) with whom further treaties were concluded, and Parliament, by voting their ratification, indirectly sanctioned the greater part of the tariff's revision. It was finally completed by the Act of March 2nd, 1928.

France had thus given up her claim to refrain from granting most-favoured nation treatment with the result that, in 1932, for 5,000 articles on a total of 7,000, duties were consolidated, being fixed in each treaty for its duration. As regards Protection, the new minimum tariff increased duties on

agricultural produce and on some industries such as clothing and iron and steel. But, on the whole, Protection was now 10 to 12 per cent lower than in pre-war days.

It appeared that Protection was slightly declining. At the Economic Conference held at Geneva in 1927, France first supported the principle that *tarifs de compensation* were necessary, but finally voted the joint motions condemning import and export prohibitions or restrictions, and recommending simplification and stability of customs tariffs ; she even agreed to the statement that "the mutual grant of unconditional most-favoured nation treatment is an essential condition of free and healthy development of commerce."

But the same year (1927) was the last during which the balance of trade was improving. Tracing briefly its evolution since the War, when imports exceeded exports by 20 milliards in 1919, one finds that, as early as 1922, the balance became favourable. In 1924 visible exports alone showed a profit, while in 1923 the weight of goods attained the same amount as in 1913. Under the influence of inflation, exports kept increasing until 1927, when they exceeded imports by 2,371 millions,

and reached their high-water mark. The decline then followed.

A deficit in the visible trade of 2 milliards in 1928 increased to 8 in 1929, and 10½ in 1930. The World Crisis now led to a general contraction of trade. In 1931, imports did not exceed 42 milliards, but exports declined to 30, leaving a deficit of 12. This was reduced to 10 in 1932, but depression was much more severe as imports fell to 29 and exports to 19.

No wonder that the Government was now faced by a widespread demand for increased Protection. As duties on foodstuffs had not as a rule been consolidated, it was possible to make wide use of the Act of 1897 (*loi du cadenas*) which allows the Government to change such duties by decree.

The position of industry was more difficult as France had often tied her hands in advance. She approached other countries with a view to suppressing the claim granting unconditional most-favoured nation treatment. She recorded a success when an agreement on these lines was signed with Germany in December 1932. But it was not a practicable policy to denounce existing treaties and, during the period which

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had to elapse after notice was given, to allow the market to be flooded.

A way out was sought by adopting the "quota system," and, without raising duties, limiting the amount of goods crossing the frontiers. It had serious disadvantages; it tended to increase the cost of living, and was bound to produce reprisals. But its supporters believed that it would be a useful weapon for future negotiations. The system was accordingly used first as a general limitation, applied by unilateral decision to one definite article and to all countries. Later on, special licences for imports were granted, and attempts were made, before fixing a quota, to seek an agreement with the countries interested.

When, in 1931, Britain went off the Gold Standard, a new problem was raised. France had reason to fear that she would suffer from the competition of countries whose currency was lowered, and she hastily decided to place on their imports a surtax of 15 per cent.

The new protectionist policy of France raised, of course, bitter protests abroad. Britain much resented it, and asked that the new surtax should not be applied to

her coal. The general index of protection has now been raised above 13 per cent. How far it was helpful or necessary remains open to discussion; but there is no doubt that public opinion made it inevitable, and also that strong arguments could be brought forward to support it.

During the World Crisis the French peasants had to be saved from disaster, and, considering the economic situation of France as a whole, it is interesting to see what exactly was her position towards her main competitors.

Statistics of trade show that, while equilibrium with Belgium was fairly maintained, Germany obviously was getting the better of her relations with France. The American tariff only allowed small French exports to cross the Atlantic. But figures concerning Franco-British trade are the most instructive, showing the effect which the new British tariffs and the devaluation of the sterling had on French trade. Remembering that the visible exchange of goods between the two countries showed a balance in favour of France of 12 per cent before the War and of 14 per cent in 1930, the contrast is striking:

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		1931.	1932.
BELGIUM.	French Imports .	. 3,633	2,441
	„ Exports .	. 3,582	2,241
GERMANY.	„ Imports .	. 6,142	3,618
	„ Exports .	. 2,749	1,690
UNITED STATES.	„ Imports .	. 3,800	2,918
	„ Exports .	. 1,543	957
GREAT BRITAIN.	„ Imports .	. 3,724	2,457
	„ Exports .	. 5,043	1,961

One may indeed conclude from these figures that the protectionist policy of France has failed. They go far, however, to explain why Protection has in recent years gained so much strength.

Space forbids the study of many other aspects of France's economic policy. How far it has been affected by the transformations that occurred in industry and agriculture after the War is a problem which we must leave aside. Its international aspects will be more properly considered in the second part of the present volume, when the influx of gold to France will be discussed. But the previous description of her financial and tariff policy brings some facts to full light.

France's prosperity has been much envied

abroad, where it is generally felt that she was extremely lucky in being^r able first to absorb a dose of inflation without serious harm, and then to fix the falling franc at a favourable level. Frenchmen agree to this, but they would point out that their prosperity has become somewhat mythical. Budgets show heavy deficits, and even in less trying times would not easily be balanced. Taxation is much more severe than foreigners believe. Exports had already fallen much behind imports before the country really suffered from the World Crisis. During the years 1926-1928, when a legal stabilization had not yet taken place and holdings of foreign balances were so much increased, the Bank of France constantly issued notes. Inflation therefore contributed to the abnormal prosperity of the country, which did not feel the first effects of the World Crisis as internal prices stood much above world prices. But the disequilibrium, coupled with the depreciation of foreign currencies, now adds to the difficulty of balancing the Budget and of promoting trade.

As regards tariffs, the protectionist tendencies have only for a short period slightly weakened, and are now as strong as they

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were at the end of the War, supported by the same desire for national independence.

In her financial policy France has also, on the whole, obeyed one dominant motive. Before 1925, when Budgets were unbalanced, as in 1928, when the franc was stabilized, and in more recent years, when expenditure was increased, France was always reluctant to have financial restrictions hampering her economic activity. She acted on principles opposed to those which dictated Britain's austere and brave effort after the War.

But this is not to say that the crisis of 1926 left no impression on French minds. "Prosperity" made it for long possible to go ahead without feeling urgent financial danger. Even to-day France's credit remains so high, her gold reserves are so large, that the average Frenchman does not fully realize the financial difficulties standing in his way.

Faced by the prospect of renewed inflation, he would no doubt strongly react against it. He feels proud of having achieved his own salvation. Seeing other countries abandon the Gold Standard has, so far, only made him more eager to keep it for himself. The

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British Crisis, as he understands it, was due to the fact that, after having brought up sterling to parity, Britain, now anxious to assist her industry, failed to take in time the steps needed for the protection of her exchange. The American experiment he has, so far, witnessed with bewilderment.

CHAPTER IV

THE STRUGGLE FOR REPARATIONS

1920-1923

AT the end of the War, France's most urgent need was the reconstruction of her devastated areas, and the problem which above all absorbed the thoughts of her Government was that of Reparations. No Frenchman believed that his country could be expected to pay for the destruction committed in the war fields. All were convinced that the necessary payments would be obtained from Germany. Clever observers later on discovered that French policy was more complicated. Its real object, we are told, was to keep Germany down, and, in order to prevent her recovery, France insisted that she should be burdened by an enormous debt. Thus already at this stage Security was France's main concern.

Even if some politicians conceived such plans, one finds it hard to admit that they exercised any influence on French diplomacy.

A settlement of Reparations was in 1920 essential, and while Frenchmen were of course anxious to seek safeguards against future aggression, they would not have dared to misuse their claim for payments by making it the means for obtaining further security.

The impossible demands then made by France are no proof that she pursued any secret policy of her own. Enormous as they were, they did not exceed the cost which the War had imposed on the country. At the Peace Conference, France, supported by Britain, obtained that payments be made "for all damage done to the civilian population of the Allied and Associated Powers and to their property" (Art. 232). She claimed compensation not only, as President Wilson had first contemplated, for the reconstruction of her devastated areas, but also for the War pensions. She had no doubt that she was entitled to such compensation, not because of her victory, but owing to the fact that she was the victim of an aggression. She never asked for a "war indemnity" as Germany did in 1871.

She estimated her damages at 218 milliards of francs, and was bitterly criticized for

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having multiplied by five the pre-war value of her loss, because the cost of living had, at this stage, increased to the same extent. But the amount that France, after Germany's default, finally paid for Reparations reached very much the same figure. The reconstruction of the devastated areas has cost over 100 milliards; 50 milliards were spent on pensions, and the capital value of pensions to be met in future was estimated in 1927 at 70 milliards.

In fact, the gigantic operation was not conducted on lines of strict economy and led to many abuses. Officials were too easily inclined to meet excessive demands. Moreover, the Government was eager to see the re-equipment of Northern France quickly completed at any cost. But it seems absurd to admit that France deliberately increased her demand in order to ruin her enemy, only to find herself finally the victim of her miscalculation. Frenchmen, in 1920, were quite unaware of the difficulties raised by the problem of international payments. Their views, although morally justified, were economically narrow-minded. But they were no part of any concealed attempt to make France the dominant power on the Continent.

France was therefore surprised to discover that Britain no longer supported her claims. She did not see that, even if Reparations did not exceed Germany's capacity to pay, the Creditor Powers could not easily receive them. She well understood, however, that German exports would be harmful to British trade, and that accordingly Britain was drifting away from her.

Paris was most anxious to keep in touch with London. When Mr. Lloyd George suggested that, instead of waiting for the Reparation Commission to estimate the amount of the German debt, the Allied Powers should attempt to reach an agreement with Germany, France agreed to meet the German delegates at the Spa Conference (July 1920) which however led to no result. The Creditor Powers could only fix in advance the percentage of Reparations allocated to each of them. But when Germany submitted her proposals at the next meeting in London (March 1921), they remained so much below the mark that the French Prime Minister, Briand, easily persuaded Lloyd George to join in common action. The Allied soldiers then occupied Duisburg, Ruhrort and Düsseldorf with the result that, at a

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new Conference in London (May 1921), Germany accepted the estimate now submitted by the Reparation Commission.

The German debt was fixed at 132 milliards of gold marks and a plan of payment was evolved. Germany undertook to issue during the following months 50 milliards of bonds marked A and B which, it was assumed, could then be "commercialized," while for the issue of the remaining 82 milliards of bonds, marked C, no time limit was yet contemplated. France, who refused to acknowledge any formal reduction of the German debt, nevertheless agreed to a distinction being made between that part which Britain also believed could be paid, and the remaining portion the fate of which was left uncertain. In so doing she felt that she was making a valuable concession.

In London, Germany had pledged herself to pay fixed annuities of 2 milliard marks each, together with a tax of 26 per cent on her exports. But, as early as December 1921, she asked for a partial moratorium, which was granted. It lasted all through 1922, during which year, far from recovering, Germany plunged into a severe financial crisis. To the British people this was largely

due to the fact that France had compelled Germany to face the prospect of everlasting and impossible commitments. Frenchmen, on the contrary, were convinced that Germans were deliberately evading payment, and that, if only Britain would realize it, these could be made.

The policy of France now largely depended on her understanding of Britain's attitude. The wide but vague ambitions now revealed by the Lloyd George Cabinet were met with deep mistrust. Even the offer to guarantee France against a further invasion of her soil (Cannes Conference) was regarded as a manoeuvre, and Briand, who was in favour of accepting it, was compelled to resign. The British proposal was deemed valueless because it was made for a short period during which no German aggression could possibly take place, and because it was not extended either to the countries of Eastern Europe, where a clash was more likely to occur, or even to the demilitarized zone of the Rhineland. It was feared that Britain's real aim was to make it impossible for France to take any coercive action against Germany.

Mr. Lloyd George was obviously contemplating a drastic revision of the Peace Treaties

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in which France would be expected to contribute towards a general European recovery by giving up the greater part of her Reparations claims, by resuming relations with Soviet Russia without obtaining recognition of the Russian debts, and by imposing such a settlement on the new countries of Central Europe who so far had supported her. For such aims Mr. Lloyd George was now calling a European Economic Conference to meet at Genoa while, in the Near East, British Imperialism was taking advantage of a new conflict between Greeks and Turks for further conquest.

Poincaré, who succeeded Briand in January 1922, decided on strong resistance. Political requirements should not be sacrificed to economic theories. He personally refused to attend the Conference at Genoa, and instructed his delegates firmly to maintain existing commitments. He supported the opposition of the Little Entente and Belgium against Mr. Lloyd George's Russian schemes, and his attitude left little hope of a compromise, when the sudden disclosure of the Russo-German Alliance concluded at Rapallo made the failure of the British policy inevitable.

But on the problem of Reparations France and Britain now found it still more difficult to reconcile their views. With growing irritation France pointed out all the reasons which showed that Germany could have paid and did not want to pay. While the mark collapsed and the Budget was unbalanced, taxation remained light and expenditure continued to increase. The Reich allocated large sums to the reconstruction of Eastern Prussia, to owners of confiscated properties abroad and to the rebuilding of the Merchant Navy. Money was spent lavishly on unnecessary public works.

There was a striking contrast between the poverty of the State and the prosperity of industrialists. These were taking full advantage of the fall of the mark, which not only stimulated exports, but enabled them to cancel their internal debts and reduce wages. Moreover, they had made large profits by selling marks in good time and accumulated foreign notes deposited abroad. (The report of the McKenna Committee in 1924 estimated German capital abroad at $6\frac{3}{4}$ milliards of gold marks, and the profit made from the sale of marks at 7 to 8 milliards.)

Curiously enough, the Government

granted them long delay for the payment of taxes, thus allowing them to do so in a much depreciated currency. It allowed them to raise internal prices to meet the 26 per cent duty on exports collected for Reparations, and took no trouble to acquire in good time the foreign notes needed for the small monthly payments due for this purpose.

It was true that Germany, in order to pay her foreign debts, was bound to increase her exports and to promote her industry. But France refused to admit that facts such as those detailed above could be covered by this simple explanation. She felt herself to be facing an unscrupulous attempt on the part of German industrialists to free themselves from internal debts, taking no account of the misery which inflation brought on the middle classes and the workers, to obtain cancellation of her foreign debts by bringing the country to the verge of financial collapse, and then to enter on a new age of prosperity. Britain was unconsciously playing their game by opposing a policy of coercion which alone would have compelled Germany to give way.

Such was the state of mind reached by the greater number of Frenchmen towards

the end of 1922. They were unmoved by Keynes' clever arguments for a parallel reduction of Reparations and Inter-allied debts, while they resented his bitter criticism. They had devoted huge sums to their devastated areas, and had not yet received any substantial compensation. What Germany had paid had gone to meet the cost of maintaining troops in the Rhineland, where so much more was required for the upkeep of an American or British soldier than for that of a *poilu*. France had not even been able to receive German coal at a lower price than that of imported British coal, and had now to pay for the difference. She could not wait any longer.

In these circumstances, Paris failed to realize the importance of the fall of the Coalition Cabinet which took place in the autumn, nor were the merits of the sincere and generous offer made by Bonar Law in December properly understood.

The new British Plan was drafted in an extremely complicated form, and the French public by no means grasped its main features. These consisted in having bonds C of the London Settlement cancelled, and in issuing

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new bonds which, after a new moratorium of four years, would carry interest at 5 per cent until 1954, in place of the 50 milliards of bonds A and B. British experts calculated that they would be approximately equal to the old bonds at present value. In addition, Britain now offered to cancel the whole debt which France owed her (12 milliard marks) if France would abandon the gold that she had deposited with the Bank of England during the War and her share of the Belgian debt ($2\frac{1}{2}$ milliards).

But the French Government was not prepared to give up all hope of recovering bonds C in the distant future, and estimated that Bonar Law's new bonds, far from being equivalent to 50 milliards, did not represent more than 37. Moreover, France was not willing to grant a new moratorium. But the main characteristic of the British Plan was to offer Germany conditions such as give her an interest in a rapid liquidation of her debt by means of home and foreign loans. She was induced to make early payments by the offer of advantages which would then reduce her total payments to 25 milliards. Poincaré discovered that in such a case the whole share allotted to France for Repara-

tions would be 11 milliards—an impossible concession.

Finally, France was convinced that Germany would default once more in the near future. Would Britain agree to the Allied Powers then taking coercive measures of the most drastic kind? Bonar Law appeared willing to do so, but refused to have the case provided for and details included in his Plan. On the contrary, its stipulations were calculated to deprive the Allied Powers of whatever means of coercion they actually possessed. The cost of the armies in the Rhineland would no longer be charged to Germany, so that the Allied Governments would be strongly induced to shorten the occupation. The Reparation Commission would disappear, while control over the new settlement would be entrusted to a supervising Committee on which, together with the members of the old Commission, an American, a Neutral and a German chairman, holding a casting vote, would serve.

France decidedly opposed such changes, and insisted that a strengthening of international control with provisions for pledges and sanctions was indispensable. Definite sources of German income should be speci-

ally allocated to the payment of Reparations, and, if necessary, the Ruhr district, where the greater part of German industry was concentrated, should be occupied by the Allied Powers. The whole British Plan relied on the assumption that Germany would fulfil her commitments once she felt able to do so and was induced to act in that way by the prospect of financial advantages. France regarded such an assumption with a deep-rooted scepticism, and believed that the Bonar Law Cabinet was no more anxious to obtain payments than its predecessor had been.

Poincaré failed to understand the friendly intentions of the new British Prime Minister and his resolution to stand by a settlement which, after careful scrutiny, he felt would be workable. Poincaré therefore took the unfortunate step of turning down the British offer in a single day.

The breakdown of Franco-British co-operation now led Britain to approach Washington and conclude with America her own Debt settlement. France, on her side, took independent action and sent her soldiers into the Ruhr. She felt that under the Treaty of Versailles, the Allied Powers were entitled to

military occupation outside the Rhineland, which had already been effected in 1921, and that she could act alone. Paragraph 18 of Annex II of Part VIII stipulated that, "The measures which the Allied and Associated Powers shall have the right to take in case of voluntary default by Germany . . . may include economic and financial prohibitions and reprisals and in general such other measures as the respective Governments may determine to be necessary in the circumstances." France argued that the words underlined meant that steps other than economic and financial could be taken, and covered the case of separate action. Britain did not accept that interpretation, but refrained from pressing her legal arguments, and only instructed her delegate at the Reparation Commission not to join in its decisions.

On January 10th, 1923, the Commission notified Germany that, as she was in a state of default, a *Mission Interalliée de Contrôle des Usines et des Mènes* (M.I.C.U.M.) would go to the Ruhr and take control of the *Kohlensyndicat*. It was protected by a small French army and a group of Belgian soldiers, while Italy only co-operated in the common undertaking by sending a mission of engineers.

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The reply of the German Government was a legal protest, the stoppage of all payments for Reparations and the organization of passive resistance. All German officials in the area were forbidden to give any help to the invaders. This led France and Belgium to take drastic steps. Officials who ceased to serve were expelled. Martial Law was established and many Germans were prosecuted and imprisoned for obstructing the Army of Occupation and disturbing peace.

But France's main concern, after having seized her pledge, was to make it pay. The district was now separated from Germany by tariff barriers, but, inside the area, either mines and factories ceased to work, or stocks, no longer exported, were allowed to accumulate. Traffic was stopped on the intricate railway system whose servants refused to work. It was a tremendous undertaking for which France was unprepared, but, on the whole, she succeeded in keeping the railways running with a small number of technicians, while the mines started working again under the control of the M.I.C.U.M. Meanwhile, the Ruhr expedition did infinite harm to Germany, where the dwindling mark now completely collapsed, and so serious was the

position that the German Government, in September, gave way by cancelling its previous order for passive resistance.

It seemed that Poincaré's persistency would now at last be rewarded. All through the period of conflict he had ignored German offers to reopen negotiations, maintaining that passive resistance should first cease. Britain had been dissuaded from offering her mediation by the blunt rejoinder that "if the British Government joined in demanding it, the cessation of passive resistance would be attained more quickly." Poincaré refused to state what steps France would take after satisfaction had been obtained, pointing out that "the French Government which abides by the Treaty and simply demands its application, has no proposal to make. . . . It is for those who consider it necessary to make fresh dispositions, to define the latter and to indicate at the same time how they can reconcile them with the decisions of the Parliaments which have approved the Treaty of Versailles."

When Lord Curzon, the British Foreign Secretary, suggested a procedure according to which the cessation of resistance would be followed by progressive evacuation and by an

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impartial inquiry of Germany's capacity to pay, he was told that France "wondered why an estimate to-day should be more exact than that made in 1921," and would recall her troops only "in proportion to the payments made by the German Government." Poincaré had thus apparently succeeded both in avoiding British intervention and in preserving a free hand for further action.

As a matter of fact, Britain was wise to wait and see, and the position of the French Prime Minister was most uncertain. He clearly saw that the profits France could make out of the Ruhr policy were insignificant as compared to her claims for Reparations, and insisted therefore that its only object was "to create in Germany the will to pay." But the Ruhr had made the prospect of a satisfactory settlement more remote than ever. It had brought financial collapse on Germany, while France, in the spring of 1924, experienced for the first time a serious weakening of her exchange, when the franc suddenly fell to 123 to the pound. Only by a severe increase of taxes could confidence be restored. Political isolation was obviously becoming dangerous.

When the German Government approached

Poincaré with a view to reopening negotiations, he could only answer that the situation in the Ruhr ought to be settled by the local authorities, a procedure which finally succeeded after lengthy discussions pursued between the M.I.C.U.M. and the principal industrial groups. Meanwhile, Britain and the United States were preparing for a body of experts to explore the problem of Reparations, and Poincaré could no longer ignore their proposal, but must have entertained little hope that it could lead to a settlement more acceptable than Bonar Law's plan would have been.

While German officials resumed their activity in the Ruhr and there was initiated a process of "invisible occupation" which was intended to be less obnoxious to the German people, French soldiers still occupied the district. Would France resist the temptation to turn the Ruhr policy from its initial object, and, if it could not lead to a settlement of Reparations, to keep her military pledge or use it to obtain more security? This was what Britain most feared, and the Separatist Movement in the Rhineland seemed to give ground for her suspicion.

The movement was clearly supported by

some of the French officials. On several occasions German Separatists were permitted to form themselves into military organizations, were freely conveyed in special trains to their field of action, using local railways as their bases of operation, or escorted by French troops, thus making it impossible for the German police to interfere.

In the Palatinate, the Chief Delegate of the Rhineland Commission readily accepted the creation of an autonomous State. One wonders how far such a policy was inspired or approved by Paris, and Poincaré's declaration that "it was a quarrel among Germans, in which we have no desire to take part," did not throw much light upon his intentions. When Britain expressed her deep concern and talked of bringing the case of the Palatinate before the Hague Court, France then instructed her officials to remain strictly neutral. She finally witnessed the collapse of Separatism and the massacre of its leaders at Pirmasens (February 1924).

The whole incident, indeed, contributed to strengthen abroad the fear of French Imperialism. It is nevertheless certain that none but a few French Nationalists believed that Separatism could succeed, and it re-

mains very doubtful whether Poincaré ever was among them. France's puzzling attitude can only be explained when one considers the state of uncertainty and the amount of disillusion then prevailing among the French people who, far from entertaining any imperialistic ambitions, slowly realized that no result would come out of the Ruhr and that no progress was being made.

Moreover, a French policy of Separatism in Germany could not be easily reconciled with the efforts France was making to increase her security. These we must now briefly outline.

While in 1920 France was above all anxious to obtain regular payments for the reconstruction of her devastated areas, she was already paying attention to the problem of her own security. She insisted that the Continental Settlement made at Versailles should be strictly maintained, and that she ought to be fully protected against the danger of a new aggression.

Foreign countries could not easily conceive how France, preserving after Germany's military breakdown by far the strongest army

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in the world, was so much afraid of the future. This they readily ascribed to a state of nervous apprehension which the memories of repeated invasions of their country had created in the mind of Frenchmen. They were also much concerned to find that the Treaties of Peace had given France a dominant position in Europe, and soon reached the conclusion that her real aim was to establish her hegemony on the Continent.

Frenchmen, on the contrary, had no suspicion that they asked for more than to be able to live and work in peace, and simply could not understand why they were regarded as Imperialists. Far from admitting that their sufferings during the War had prejudiced their attitude, they boasted that they had for long understood better than Anglo-Saxon countries the mentality of their German neighbours. The latter had not suffered invasion of their soil, did not realize that their own leaders had been chiefly responsible for their disaster, and, being still Militarists, were bound to prepare a new war. France felt that she was not looking too far ahead in endeavouring to save the next generation.

At the Peace Conference, France wanted to be given the Rhine frontier, which Marshal Foch declared the one safe barrier, but was wise in accepting, as a compromise, the demilitarization of the Rhineland and its occupation by Allied Forces for five, ten or fifteen years, the placing of the Saar district under League control pending a plebiscite, and, finally, the treaties signed in August 1919 by Great Britain and the United States which undertook to guarantee her frontier. France had not foreseen that the American Senate in March 1920 would turn down the treaty and that the British guarantee would also fall to the ground. The effect on French opinion was soon noticeable. At the Conference of Washington, Briand declared that France could not contemplate any further reduction of her land forces. She readily took part in the treaty concluded to ensure peace in the Pacific, but maintained that her Navy, destroyed during the War, must be rebuilt. While she finally accepted parity with Italy as regards battleships, she refused to limit the tonnage of submarines.

Under these circumstances, it was not surprising that France would seek agreements with the other Continental Countries who

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were also interested in maintaining the Peace Treaties, defensive agreements which, however, tended to preserve a *status quo* most unfavourable to Germany. It was inevitable that France should appear to be working for the encirclement of Germany, and, with Germany defeated and Austria-Hungary falling to pieces, should become the dominant power in Western and Central Europe.

However, her domination was not uncontested. It was impossible to ignore Russia, who did not stay outside Europe, but pervaded the whole world by her revolutionary propaganda. She was already working hard to make her influence prevalent on the small Baltic States and to reconquer access to the sea. When, in 1920, the Bolshevik armies invaded Poland, France, while indeed acting swiftly to save the whole Continent from immediate and deadly danger, from a probable coalition of Russia and Germany following the destruction of Poland, was undoubtedly not thinking of a distant future or entertaining imperialistic views.

French support enabled the Poles to break the offensive of the Bolsheviks at Warsaw, while Britain, who since the Peace Conference had taken no interest in Poland stood

aloof. Faced with the British abstention, France then pursued her independent action by concluding a Franco-Polish Treaty of Alliance (February 1921). The two countries undertook, "in the spirit of the Treaties and in accordance with the Covenant of the League of Nations," to "take concerted measures for the defence of their territory and the protection of their legitimate interests."

France also favoured the conclusion, on March 8th, of a similar treaty between Poland and Rumania, who feared a Russian attack on Bessarabia. One might deplore the fact that Poland, who had already taken possession of Vilna, ignoring the protest of Lithuania, now obtained from the Soviet a large portion of Russian territory. But the French Government, in common with the other Powers sitting at Geneva and at the Ambassadors' Conference, was unable to stop her or bring her to accept a compromise with Lithuania. However regrettable the consequences, France was given no choice.

Meanwhile, in the Danubian Countries, there was formed the Little Entente whose creation has been commonly ascribed to French diplomacy. Its real authors, however,

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were the leading statesmen of the three countries whose territories included part of pre-war Hungary. They sought safeguards against the danger of a Hapsburg restoration and of an attempt by Hungary to reconquer her pre-war frontiers. The Emperor Carl was making repeated attempts to recover the Hungarian Crown, and the Little Entente was first active in inciting the Great Powers to take energetic steps against the Magyar policy.

At this stage, the new coalition was by no means supported by the French Government where, as in the British Foreign Office, a diplomatic tradition in favour of the Hapsburg Monarchy remained powerful. French diplomats often deplored the disappearance of Austria-Hungary, since it left Germany the one Great Power in Central Europe, and, provided no *Anschluss* took place, were not at first anxious to maintain its new frontiers. Not before 1922, when she had to resist Lloyd George's scheme for the reorganization of Europe, did France definitely patronize the Little Entente. But at the time of the Genoa Conference, Britain's undisguised desire to revise the Peace Treaties convinced her that their maintenance could be better

achieved by a consistent defence of the Treaties as a whole.

During the Ruhr Crisis France was, then, more inclined to seek support on the Continent. Hence Poincaré's offer, in December 1923, to grant loans to Poland, Yugoslavia and Rumania for the purchase of munitions and other military equipment. Hence, in January 1924, the conclusion of a treaty with Czechoslovakia in the form of an undertaking to consult each other "on questions of Foreign Policy involving a danger to their security," especially "in case of an attempt to bring about *Anschluss*, or to restore the Hapsburg or the Hohenzollern dynasty."

These steps were regarded in Britain as clear indications of imperialistic tendencies. But Frenchmen only considered them as protective measures taken in a time of dangerous uncertainty. Moreover, French influence on those whom Britain regarded as her satellites was by no means dominant. Rumania refused the French offer; Yugoslavia turned towards Italy, and the two countries reached at last (January 27th, 1924) an agreement on the problem of Fiume, with a pledge of neutrality on the part of the one

State in the event of an unprovoked attack on the other. Czechoslovakia quickly followed by concluding another treaty with Rome (July 5th, 1924). Her leading statesmen were anxious to make clear that the French treaty contained no promise of military assistance, and that they were not willing to take sides with France in opposition to Britain. The Anglo-French entente was, in the words of President Masaryk "the necessary authority for post-war Europe" and, as Dr. Benes said, the "key to the European situation."

With this France in 1924 fully agreed, convinced that all the difficulties inherited from the War could only be solved by closer co-operation with Britain. In the Polish Crisis of 1920, and during the negotiations conducted at Cannes and Genoa in 1922, France deeply regretted that Britain, refusing to be dragged into the conflicts arising on the Continent, clearly indicated that, in her opinion, the territorial settlements agreed upon in Paris could not last. France, on the contrary, based her whole policy on these settlements, not so much because they increased her power as because she believed them on the whole valid and infinitely better

than those which existed in 1914. Above all, a move towards revision of the Peace Treaties would immediately open a new war. It was Britain's reluctance to take part in European affairs which, to a large extent, made France appear the dominant power in Europe. France did not care for such a position acquired at the cost of estrangement with Britain. Her real policy and the true meaning which she ascribed to her demand for Security were already expressed by her action at Geneva.

Here her delegates had, in agreement with Lord Robert Cecil, prepared the Draft Treaty of Mutual Assistance, which the Assembly of the League voted in 1923. It involved a joint and several undertaking given by all Parties to assist any of the members who were the object of a war of aggression. At France's request, the treaty stipulated that "Parties might conclude, either as between two of them or as between a larger number, agreements complementary to the present treaty, exclusively for the purpose of their mutual defence, and intended solely to facilitate the carrying out of measures prescribed in the treaty." Thus the treaties which France was concluding with other Continental

Countries would contribute to the common cause of the maintenance of peace.

Even during the crisis of the Ruhr, France was not in favour of independent action. While the French people supported Poincaré's decision, they did it unwillingly and rather as a *pis-aller* to which they turned more or less in despair, or at least in a state of profound disappointment. Perhaps Poincaré himself acted from similar motives. In 1924 many realized that the experiment had not been successful.

To-day the Ruhr Policy is still a subject of discussion in France. It failed to make Germany pay, but France's successful attempt to work out her own financial salvation leads to the belief that independent action can sometimes be helpful, and that Germany also could have brought about her own recovery. After the growth of German Nationalism, Frenchmen are more than ever convinced that they had rightly estimated the mentality of the Germans. They notice that France's display of force in 1923 was followed by Germany's acceptance of the Dawes Plan and the Locarno Treaties, while the concession of the Young Plan and the evacuation of the Rhineland only tended to increase the

strength of German Nationalists. But Frenchmen do not overlook the fact that it was not so much the Ruhr that made it possible to reach the Dawes Settlement and to conclude the Treaties of Locarno, as the more confident relations again established between Britain and France. Their co-operation remains the backbone of France's foreign policy.

CHAPTER V

THE SPIRIT OF LOCARNO

1924-1927

THE defeat of Poincaré at the elections of May 1924 cannot be ascribed to his foreign policy, but to the increases in taxes and the attack on the conditions of the Civil Servants which the weakening of the franc had compelled him to make. It, nevertheless, enabled his successor, Herriot, to take a different course. He immediately went to see Mr. MacDonald at Chequers, where they explored the situation in a friendly manner and arranged for a conference to take place in London. Here France accepted the Dawes Plan and undertook to evacuate the Ruhr in a year's time (August 1924).

Herriot was much criticized for having played into the hands of his new Scottish friend and abandoned France's pledge, but his opponents were largely influenced by the bitterness of the party strife which followed the electoral contest. Opinion remained

sceptical and very sensitive to any concession made by the Government, but gradually understood that no alternative policy could be recommended. The Ruhr Crisis could not last, and France was not unwilling to try the experiment of the Dawes Scheme.

This Plan did not provide a complete settlement of Reparations, so that the London Agreement of 1921 which had fixed the total debt of Germany at 132 milliard marks still remained nominally valid. But it arranged for annual payments of $2\frac{1}{2}$ milliards to be made, with special sources of revenue allocated to that object. These were the produce of certain specified taxes and bonds issued by the German railways and by industrialists, the latter being responsible for payment of interest. Representatives of the Creditor Powers were added to the Directors of the Reichsbank, where payments were first to be made, and an American, Mr. Parker Gilbert, was appointed "Agent General" for Reparation Payments to supervise the working of the Plan. France was not much pleased to find that a Transfer Committee had power to stop payments if exchange conditions made it necessary. She was, however, satisfied that Germany had at last

consented to support her commitments by definite guarantees.

Careful precautions had been taken to make the experiment a success. A partial moratorium was granted, and full annuities were only to be reached after four years. A foreign loan subscribed in London facilitated the first payments. Germany had apparently recovered from her monetary crisis, and, in place of the mark which had now become valueless, a *rentenmark* was maintained at parity. Britain felt that the problem of Reparations had been placed on a workable basis, while in France, for a time, it lost much of its acuteness.

The French Government lost no time in furthering a policy of security. In September Herriot, once more, met Mr. MacDonald at Geneva. The Labour Cabinet had declared itself unable to accept the Draft Treaty of Mutual Assistance which did not hold "serious prospect of advantages sufficient to compensate the world for the immense complication of international relations which it would create." Mr. MacDonald now frankly owned that he did not believe that "Military Alliances will bring security." But he recommended a system of arbitration to secure an

accurate distribution of responsibility. Herriot replied that arbitration alone would not provide security and "must not be made a snare for trustful nations." However, the two statesmen finally agreed on a common proposal to organize peace on the lines of "Arbitration, Security and Disarmament." This made it possible for the League Committees to present to the Assembly the famous Protocol.

It again contained an undertaking by all members of the League to assist those who were the object of a war of aggression. But it was an improvement on the Draft Treaty of 1923 because it provided the Council with a simple definition of an aggressor, namely the party which would not accept arbitration. As regards sanctions, which should be both economic and military, it did not commit members to any obligations beyond those already existing under the Covenant. But the Draft Treaty aimed at limiting sanctions by stating that "no party situated in a continent other than that in which the operations would take place should in principle be required to co-operate." The Protocol was satisfied with a quite elastic geographical formula. It expected each of the signatory

States "to co-operate loyally and effectively . . . in the degree which its geographical position and its particular situation as regards armaments allow."

Britain who, as Mr. MacDonald pointed out, "had territorial holdings in every region of the world" and "might have been called upon to co-operate wherever sea power could be brought to bear," would find the new text more acceptable.

Partial Treaties which France supported and Britain despised, were made, in the words of Benes, "servants of the good cause." They were to be registered and published by the League. Any other member was to be free to accede to them. Last but not least, they were only to come into operation if and when the State signatory to the Protocol had actually been called upon by the Council to apply sanctions.

To the delegates present at Geneva it seemed that a great contribution to the world's peace had been achieved, and they unanimously recommended the Protocol to their respective Governments. France immediately adhered to it. Although scepticism remained prevalent in the parties of the Right, which feared that France would be

now induced to accept a substantial reduction of her armaments, one notices that from that time the French people took a growing interest in the activities of the League, and regarded the Protocol as truly expressing French views on organized peace.

It is well known that the British Commonwealth did not reach similar conclusions. Opposition by the Dominions led the Conservative Government which succeeded the Labour Cabinet to reject the Protocol, and in March 1925 the new Foreign Secretary, Mr. Austen Chamberlain, made its decision known to the Council. It was left to Briand, who at this stage took charge of the French Ministry of Foreign Affairs, to express the regret of France, who "remains definitely attached to the Protocol."

Briand had little hesitation as to what his next step should be. Only by closer co-operation with Britain could France hope to increase her security, and a good opportunity had just arisen since Germany, in February, had launched a proposal to negotiate an agreement by which the Western Powers, Britain, France, Italy and Germany, should mutually guarantee the Rhine frontier. Three times before Berlin had made similar

suggestions (in 1922 and 1923), and Poincaré had turned them down; Briand would not do the same.

The struggle over Reparations had been at least suspended. German diplomacy was directed by an able and prudent Minister, Stresemann. It was time to bring her into the League, thus to break her connection with the Soviet and to subject her to the commitments of the Covenant. Her voluntary acceptance of the Western frontier imposed upon her at Versailles would alone be a great achievement, and, if the lasting value of her undertaking remained doubtful, here the British guarantee came in. France was not much alarmed that it should work both ways, against either France or Germany, whichever committed an aggression, as she had no intention of ever being the aggressor.

Indeed, Britain's acceptance of such a pledge could be reckoned as the greatest of all advantages. It might lead her to support France's pacific policy. The *rapprochement* produced by Herriot and the French Ambassador, de Fleuriau, already exercised on Europe a salutary effect. Was it not the fear of a closer understanding between the two countries, emphasized by their common

declaration in January not to evacuate the zone of Cologne until Germany had properly disarmed, that led Stresemann to make his proposal?

Britain's rejection of the Protocol was made less disheartening by the speech which, immediately afterwards, Mr. Austen Chamberlain made in Parliament. He fully realized how the British Empire, "detached from Europe by its Dominions, linked to Europe by these islands, can do what no other nation on the face of the Earth can do." From East and West alike, he added, "there comes to me the cry that, after all, it is in the hands of the British Empire, and that if they will that there shall be no war, there will be no war" (March 24th, 1925).

The British Government thus recognized that it was in Britain's interest to maintain the frontiers established in Western Europe by the Peace Treaties, to make it impossible in future for enemies to reach the Channel coast. France wanted and needed more. Curiously enough, it was now Britain who stood for Partial Treaties with limited arbitration commitments, treaties which she found different from the defensive alliances concluded by France, but which, nevertheless,

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were to include provisions for sanctions. France, on the contrary, favoured a general agreement, or, at least, was anxious that the new treaties be extended to the whole Continent. Germany ought not to be left free to attempt to change her Eastern frontiers by force, and, if she chose to attack either Poland or Czechoslovakia, or if these countries were attacked by Soviet Russia, France should not be prevented from coming to their assistance.

This also was precisely the reason why Germany was reluctant to join the League, because, under Article 16 of the Covenant, she then might be called upon to support a common action against Soviet Russia, or to allow French troops to cross her territory. Such possibilities must not be overlooked, and France, while calling attention to them, also made it clear that the proposed agreements should not place her under an obligation to evacuate the Rhineland, and involve a revision of the Peace Treaties.

Notes on these points were exchanged between Paris and London. Mr. Chamberlain also felt that Germany must enter the League without making any reservation, and admitted that the new treaties should be "supplementary to and outside the existing

framework of the Treaty of Versailles." But he definitely declared that he would accept no entanglement in Eastern Europe, and Briand could only reserve France's right to assist the countries which she had undertaken to support.

As regards the Rhine frontier, the British pledge to defend it raised the question of deciding who was the aggressor. Mr. Chamberlain left the decision to the League, but agreed that in obvious cases Britain would not wait for it.

Briand was then able to answer the German proposal. Germany remained reluctant to enter the League, and to conclude arbitration treaties except of the non-political type, with no provision for coercive action ; above all, she was eager to have the Rhineland evacuated. But, as the French troops, according to previous agreements, now definitely left the Ruhr, it was possible to persuade Stresemann to take part in the Conference which took place in October at Locarno.

Here Briand's conciliatory behaviour much contributed to the success of the negotiations. Germany agreed to enter the League after a declaration of the other parties stating that, in their opinion, the obligations which she

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would undertake to fulfil, under Article 16, would be compatible with her military and economic situation. Evacuation of the Rhineland was not stipulated in the treaties, but Germany was made to understand that evacuation of the Cologne zone would no longer be delayed (it was completed in January 1926), and that of the other zones could be considered after the Conference.

She then accepted a guarantee, with full arbitration treaties, of her Western frontier, but would not agree to conclude with her Eastern neighbours similar treaties involving an obligation not to make war, but to submit territorial disputes to arbitration. France no longer pressed her demand, as Germany's membership of the League would now make the Council responsible for preventing future aggression. But she felt compelled herself to conclude arbitration treaties with Poland and Czechoslovakia, which enabled her, in case the Council was not unanimous and war was left possible (Art. 15 of the Covenant), to defend her allies against unprovoked attack. The Agreements were then signed on October 16th, and ratification took place in London on December 1st.

Locarno brought to Europe the *détente* so

much needed since the War, and Briand therefore highly valued its moral importance. But French opinion was somewhat puzzled to learn that a new era in diplomatic history had been opened, and remained apprehensive of the future. It fully understood the advantage of having France protected by Britain from further invasion, but still dreaded being indirectly dragged into a new conflict, much regretting that it had proved impossible to reach a similar agreement for the frontiers whose violation was the most to be feared.

In her attitude towards Germany France adopted a waiting policy, being unable to believe that Germany was giving up for good her claim on Alsace-Lorraine and that the renunciation made by her delegates would bind her Nationalists. Later on, when the publication of Stresemann's Memoirs showed how careful he was to evade such an obligation by use of clever "Finassieren," France was not much surprised. However, she was quite willing to wait and help Briand in his endeavour to make Locarno the starting-point of a new policy, applying the spirit and methods of Locarno to other conflicts, and trying to placate Germany by liquidating the

numerous difficulties which the War had created.

France could not follow the British example and stand aloof of the diplomatic struggle which continued in Central and Eastern Europe. Not only were the smaller States sharply divided by conflicting ambitions, but two Great Powers were actively extending their influence in a way that France felt dangerous both to herself and to the peace of the Continent.

The first was Soviet Russia. The French Cabinet which had taken power after the elections of 1924 had immediately decided that France could no longer ignore the Soviet. Herriot, accordingly, followed the lead given by Mr. MacDonald in resuming diplomatic relations with the Soviet. There followed lengthy negotiations hampered on the one hand by the reluctance of Bolsheviks to acknowledge the debts of the Tsarist Government and the right of Frenchmen owning private property in Soviet Russia to compensation, and on the other by the Soviet's eagerness to obtain further credits from French bankers. Discussions, which lasted until 1927, came to an end at the moment

when the Baldwin Cabinet again broke connection with Moscow. The Soviet Ambassador in Paris, Rakowsky, having supported an appeal for revolution and military desertion in all *bourgeois* States, Frenchmen alive to the danger of Communist propaganda compelled their Government to ask for his recall. Meanwhile, Soviet Russia had from the first opposed the Locarno policy, and made repeated efforts to keep Berlin on her side. Her action, coupled with Germany's refusal to guarantee her Eastern frontiers, made Poland and Czechoslovakia somewhat uneasy. Notwithstanding the differences concerning several of their border districts which so far had been keeping them apart, they concluded in April 1925 a treaty of Arbitration and Conciliation.

Poland, who regarded the Locarno Agreements with suspicion, wanted to be given, at the same time as Germany, a permanent seat on the League's Council, and France supported her demand. But this incited other countries to raise similar claims. How far France and Britain pledged themselves to support different candidates has never been clearly explained. At the special meeting of the League called in March 1926 to pronounce

on the admission of Germany, there occurred a clash, Spain being supported by Britain, Poland by France, while the resolute opposition of Brazil finally prevented a compromise. The unfortunate incident made it necessary to keep Germany waiting at the door until a reorganization of the Council had been achieved.

This exercised an influence on Germany's unexpected decision to conclude with the Soviet a treaty to renew that of Rapallo (April 1926). France much resented the news. Not only was it hard for Germany to reconcile such a step with the new obligations she was to undertake under the League Covenant, but the prospect of a Soviet-German alliance once more stood as a menace for Poland. The danger was aggravated by the Soviet's policy.

In order to counteract the effects of Locarno, the Soviet were offering also to conclude treaties of non-aggression with neighbouring States. These could by no means be considered as strictly defensive, but were to serve the Bolshevist propaganda inspired with imperialistic tendencies. Britain was not slow to realize this when a Soviet-Turkish alliance led to an offensive on her

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interests in Mosul. Similarly, France saw the Soviet, whose proposals had at first not been accepted by the Baltic States, attract Lithuania to their side by acknowledging her claim on Vilna (September 1926), again a danger to Poland.

Such were the circumstances under which French diplomacy was taking defensive steps. Poland and Rumania, seeing Germany and Soviet Russia coming closer together, had decided to renew their alliance of 1921, with an amendment which provided for the case of an attack not only on the part of the Soviet, but also on that of Germany. France, already bound to Poland, concluded in June 1926 an alliance with Rumania, and undertook to guarantee her possession of Bessarabia.

On the other hand, the Italian Policy had to be closely watched. Although he had taken part in the Locarno Conference and signed its treaties, Mussolini had done so chiefly as a matter of prestige and to comply with the desire of Britain. As he had failed to obtain a guarantee of the frontier of Tyrol, he had not shared the common satisfaction and had clearly not been imbued with the "Locarno spirit."

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Direct relations with France became distinctly strained in 1926. Italian ambitions in the Mediterranean were expressed, following a *rapprochement* with Spain, by the dispatch of Italian warships to Tangier. Rome resented the bills passed by the French Parliament in order to facilitate the naturalization of the numerous Italians who had settled down in France. Above all, she objected to the activities of the Italian exiles, and attempts made on the Duce's life led to violent anti-French demonstrations. But, in the autumn of 1926, France made the shocking discovery that one of the most active exiles, Ricciotti Garibaldi was, after all, an agent in the pay of Fascism.

In Europe Italian diplomacy was actively at work. It endeavoured to attract Rumania (with whom a change in the Rumanian Ministry enabled Rome to conclude a treaty), Bulgaria and Greece. Italy was negotiating with Hungary to divert towards Fiume the exports which passed through the Yugoslav harbour of Spalato. Her policy apparently aimed at encircling Yugoslavia. With Germany, after protests made against the treatment of the German population in Tyrol had led to violent speeches by Mussolini, she was

now anxious to restore closer relations and concluded a commercial agreement (December 1926), while Fascism always remained on good terms with Russian Communists. In November Italy took the bold step of signing the Treaty of Tirana which tended to establish her protectorate over Albania.

France was very careful to avoid any step that Italy might regard as hostile. Several months before, she had been approached by Yugoslavia, who sought her alliance as a protection. Briand's advice had been that she should first approach the Fascist Government with the view of concluding a tripartite agreement. When the proposal was turned down by Rome, Briand consented to prepare a defensive alliance the text of which was initialed, but not signed nor made public lest it should irritate the Italians.

The situation did not improve in the following year. In April, the Hungarian Minister, Count Bethlen, signed in Rome a treaty of alliance which the Magyars openly interpreted as an undertaking on the part of Italy to support their claim to the revision of treaties. In November, Briand decided to sign the Franco-Yugoslav alliance. This completed the work of French diplomacy,

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alliances now having been contracted with Poland and with each of the three members of the Little Entente. But Briand explained that he was doing "something very simple, quite normal," by setting the seal "upon an actual fact which has long existed," and again expressed the hope that "other nations would associate themselves with it."

His policy was, indeed, working for peace, and his eagerness to achieve complete reconciliation with Germany after Locarno was clearly apparent. He had heartily greeted her entrance into the League when, in September 1926, she took her seat in Geneva. Meeting Stresemann at an informal luncheon in Thoiry, he showed himself willing to evacuate the Rhineland, even the Saar, in advance, in return for an indemnity and a modification of the Dawes Plan making German payments no longer dependent on a transfer clause. Here, however, he was ahead of his time. Opinion in France objected to the schemes which he was then supposed to have made and on which no precise information has yet been published. He had probably acted under the influence of the financial crisis which had just occurred in France, and, as the Poincaré Cabinet quickly restored the

monetary position, the public no longer felt it necessary to seek financial support by political concessions. Also American co-operation, which was needed for the issuing of a loan, was withheld until France agreed to a settlement of her own debt in Washington. The Frenchmen strongly disapproved of the treaties which had been concluded with America and Britain (April and July 1926) because they did not make the settlement of Inter-allied Debts dependent on that of German Reparations. Although the Government now undertook to pay the annuities stipulated in both treaties, it did not yet dare to lay them before Parliament for ratification.

But Briand did not allow criticism from outside to stop his efforts to have the military control by the Inter-allied Commission in Germany removed. He probably wanted Germany to accept, in exchange for an early evacuation, an international control entrusted to the League in the demilitarized zone. This, however, he could not press, as Britain remained opposed to any form of permanent control. Many difficulties stood in his way, as it appeared that Germany had restored her General Staff, built new fortifications in

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Eastern Prussia, organized a huge police force in which successive contingents received military training, and multiplied patriotic associations whose trained troops were not negligible. Not a few Frenchmen believed that in these circumstances Inter-allied control remained indispensable. Nevertheless, Briand, in December 1926, agreed to waive, temporarily, the question of separate treatment for the Rhineland, and endorsed the Council's resolution to suppress the Inter-allied Commission. Although a special mission set up for a few months only witnessed the destruction of the illegal fortifications in Eastern Prussia, the Commission itself was dissolved in January 1927.

The lead given by France was followed by her continental allies who, in turn, agreed that the military control in the other defeated countries should be waived, and in a year's time it disappeared in Hungary, Bulgaria and Austria.

Briand seemed more and more inclined to found France's policy on the League and through its machinery to attain France's requirements. He had not given up hope of obtaining in that way "Security for all." But when Poland submitted to the Assembly

of 1927 a new resolution against war, Sir Austen Chamberlain promptly turned it down, warning his audience that Britain did not find it easy to reconcile her commitments under the League with the interests of the British Empire and, if compelled to choose, would prefer "the smaller but older League" of the Commonwealth. In the Polish proposal Britain discovered an attempt on the part of France indirectly to resuscitate the Protocol.

The moral conquests made by Briand at Geneva, the wide success of the speeches he annually delivered to the Assembly and the fact that France had always a group of countries voting on her side made Anglo-Saxons believe that Briand's real aim was to dominate the League and restore French hegemony in a new form.

Indeed, he felt more at home at Geneva than the British Minister, whose opposition to the Protocol barred the way to progress, and who had just failed to reach an agreement with America on a limitation of their Navies. Britain was naturally absorbed by problems which did not directly involve Europe, the new Anglo-Soviet rivalry in Asia which followed her break with the Soviet in 1927,

and the Chinese revolution. Apparently, she took no interest in the difficulties of Central Europe, and even was inclined to support the Italian policy in the Near East and the Balkans. It was then left to France to defend the existing order on the Continent and to promote the work which the Treaties of Locarno had done in the West.

Moreover, Briand was not only thinking of Europe. Turning towards the United States, he had just suggested that the two countries should acknowledge the obvious fact that they would never again fight each other, by concluding a treaty of "perpetual friendship" in which recourse to war be renounced "as an instrument of national policy."

CHAPTER VI

BRIAND'S LAST EFFORT 1928-1930

ONE may regard 1928 as a year in which a new departure was made. The conclusion of the Kellogg Pact threw new light on the problem of Security, while it was decided to attempt a complete settlement of Reparations. These events affected the diplomatic struggle in Europe, where the policies of Soviet Russia and Italy still played a leading part.

Briand's proposal to Washington was answered on December 28th, 1927, when America declared herself unable to accept renunciation of war with France or indeed with any one power, but willing to conclude with all a general treaty involving such a renunciation. Later on, she circulated a draft treaty to the Governments of the Great Powers. At first, the French Cabinet appeared uneasy, being anxious to ascertain what the suggestion really implied. It issued

a counter-proposal which contained, probably at the request of the Prime Minister, Poincaré, a number of reservations. France could not be prevented by the new treaty from taking action for self-defence, or from taking part in coercive operations provided for by the Covenant and the Locarno Agreements.

But after Mr. Kellogg had explained that no such result would follow his proposal, and that aggression on the part of a State would, of course, release the other parties to the treaty from their commitments, France waived her objections. Britain also expressed her approval after having reserved her right to act in certain regions of the world, "the welfare and integrity of which constitute a special and vital interest for our peace and safety." The Briand-Kellogg Pact was thus signed in Paris on August 27th, 1928.

The parties agreed to "condemn recourse to war for the solution of international controversies and renounce it as an instrument of national policy. . . . Settlement or solution of all disputes or conflicts, of whatever nature or of whatever origin they may be, which may arise among them, shall never be sought except by pacific means."

While Briand much praised the importance

of the Pact, the French public at the time did not fully appreciate its merits. It failed to understand the desire of the Coolidge Administration, notwithstanding America's resolution to stay outside the League, to find some mean of co-operation in the common effort to promote peace. Frenchmen at first did not see in the Pact more than a platonic expression of good will, providing no possibility for sanctions and therefore no true security to the world.

At Geneva, where a Preparatory Commission on Disarmament had so far been unable to make real progress, the Assembly in September was encouraged to undertake a new effort. It had under consideration the Commission's proposal of a General Act for the Pacific Settlement of International Disputes. Again Britain expressed the opinion that "arbitration treaties have no sanction behind them but the force of public opinion at large, and a treaty which goes beyond what the public opinion of a country can be counted upon to support is a treaty which is useless." She did not favour a general convention, much preferring "special arrangements in order to meet special needs." France, on the con-

trary, was "entirely won over to the idea of a general arbitration treaty . . . which would cover every kind of dispute."

The Assembly succeeded, nevertheless, in voting unanimously a treaty which recommended for the settlement of disputes three different procedures—namely, conciliation, decision by the International Court of Justice and arbitration, leaving the parties free to accept the use of each or any of them. It was not valueless, as it provided a way out for conflicts which the Council was unable to solve, under Articles 13 and 15 of the Covenant. But it provided for no sanctions, no compulsory arbitration, and left open the problem of amending the Covenant to make it an effective safeguard.

When in June 1929 the Baldwin Ministry was succeeded by a new Labour Cabinet, hope was entertained in France that Britain would abandon her negative attitude. Indeed, the new Foreign Secretary, Mr. Henderson, brought to the next Assembly Britain's acceptance of the "Optional clause," i.e. Article 36 of the Statute of the International Court of Arbitration, by which a State undertook, in advance, to submit to the Court disputes falling under the categories

enumerated in Article 13 of the Covenant. Britain's acceptance following that of France in 1924, and of Germany in 1928, was a hopeful sign.

Mr. Henderson also took the initiative of proposing the amendment of those articles of the Covenant which could not be reconciled with the Pact of Paris. Under them war remained permitted either three months after the Council had reached a decision (Art. 12), or when it was not unanimous. In the latter case "members reserved to themselves the right to take such action as they shall consider necessary for the maintenance of right and justice" (Art. 15). But the Special Committee appointed for that purpose found its work extremely difficult.

It was proposed that unanimous decisions by the Council be given a binding character, and that, when unanimity could not be reached, the Council be empowered to ask, on its own initiative and by a majority vote, the Permanent Court of International Justice for an advisory opinion. But these amendments were opposed on the ground that they would transform the whole Covenant in which arbitration was optional and conciliation compulsory, and that the Council, once in pos-

session of binding powers, would lose its conciliating influence. French and British views again were in conflict, so that the Assembly was unable to reach a conclusion.

It had also considered a "Model Treaty to strengthen means for preventing War," and in 1929 Mr. Henderson proposed that it should be drafted in the form of a general convention. But on the questions of supervision and sanctions, and of the compulsory character of the measures recommended by the Council, similar objections on the part of Britain were raised. She was against recourse to the sanctions stipulated in Article 16 of the Covenant, and only suggested that a party refusing obedience "shall at once inform the Council of the grounds for its refusal."

She nevertheless allowed the Assembly to adopt, in 1931, a text which went far beyond her original proposals. Parties undertook to apply measures which the Council might recommend to ensure evacuation in the event of one power entering the territory of another. In the case of a threat of war, they agreed to the Council fixing lines not to be passed by the military forces. But the Assembly's resolution had no value until accepted by the

contracting Governments and, as ratifications did not take place, it finally led to no result.

In 1930 some progress had however been made by the adoption of a Convention for Financial Assistance. Under the terms of this Convention, any member who, by the unanimous vote of the Council, was held to be a victim of, or threatened by, aggression, would receive a loan guaranteed by the Powers holding permanent seats on the Council. Britain had not much favoured the proposal, criticizing it as an attempt "to promote peace by financing war." She first suggested that the Agreement be made part of a general Convention for disarmament, but later on did not withhold her signature.

Perhaps the most important effect of these everlasting discussions was a growing estrangement between France and Britain. They were bound to strengthen in London the feeling that France was never content with what amount of security she could get, and used her influence on the League to further the policy most objectionable to Britain. It was irritating to have constantly to remain on the defensive and pour cold water on aspirations raised at Geneva.

France, on the other hand, felt bitterly that her efforts were leading to no result, while the growth of Nationalism in Germany was again endangering peace.

As regards Reparations, prospects were more hopeful, as a settlement which appeared complete and lasting had been reached. The Dawes Plan had on the whole succeeded in so far as Germany had been allowed to recover and had met the payments stipulated. Since 1926 the mark had been safely stabilized, the Budget balanced. The amount of the internal debt was insignificant. There was much less unemployment, and the deficit of the trade balance was much reduced. The time had arrived when, after a partial moratorium of four years, the Plan should work in full.

But the Reich had in 1927 enormously increased expenditure, which was met by borrowing abroad. It was granting more and more credits to local authorities while the Reichstag undertook expensive reforms for education and for Civil Servants. In October Mr. Parker Gilbert expressed to the German Government his strong disapproval. "The German public authorities," he wrote,

“are developing and executing constantly enlarging programmes of expenditure and borrowing, with but little regard to the financial consequences of their activities.”

France witnessed the situation with more disquietude than surprise. Was not Germany again playing the old game? She admitted, however, that the Germans found an excuse for spending lavishly in the fact that the Dawes Plan had not fixed the total of their commitments. It was disheartening for them to feel that, if the figures fixed in 1921 were to stand, the annuities they were paying were not even reducing their debt. Mr. Parker Gilbert reached the same conclusion, and he wrote in December: “The very existence of transfer protection tends to save the German public from some of the consequences of their own actions, while, on the other hand, the uncertainty as to the total amount of the Reparations liabilities inevitably tends everywhere in Germany to diminish the normal incentive to do the things and carry through the reforms that would clearly be in the country’s own interest.”

In 1928, neither France nor Britain were prepared to accept any further financial sacrifice. The Prime Minister, Poincaré,

repeated that any settlement must bring to France, in addition to a sum equal to the payments she owed to Great Britain and the United States, an indemnity for the damages she had suffered. Yet France did not want to delay a complete settlement even if it should lead to the recall of her soldiers from the Rhineland. In September, Briand concluded with the German Chancellor an agreement which provided for the appointment of a committee of financial experts to prepare a complete and definite settlement of Reparations, and for the opening of negotiations with a view to an early evacuation of the Rhineland.

The committee of experts appointed by the Reparation Commission and the German Government met under the chairmanship of Mr. Owen L. Young in January 1929, and, after a dramatic fight, which in April very nearly led to the breaking up of its discussion, was able in June to submit its report. It was accepted by France without hesitation. It is true that the Creditor Powers were to reduce their claims, the new annuities being distinctly lower than those of the Dawes Plan. But they fully covered France's debts to America and Britain. Transfer protection

was suppressed, Germany being expected to pay in foreign currencies.

France appreciated the effort made to remove the process of payments from the political to the financial sphere. The annuities which were provided partly by the German railways and partly by the German Budget, were paid to a Bank for International Settlements (B.I.S.) which would undertake their commercialization. The Reparation Commission disappeared, and, in place of a political machinery, the working of the Plan was entrusted to a machinery of purely financial nature.

Annuities were to be paid for fifty-nine years from 1929 to 1988. France estimated what she would receive at 23 milliard marks, equal to 138 milliard francs. This of course would not cover both her own war debts and the cost of reconstruction in the devastated areas, which alone reached 102 milliards. But France had given up the hope of such a settlement. The main advantage to her of the new Plan was that for a first period of thirty-seven years (1929-1966) part of the annuity was made "unconditional," while for the rest Germany at any time could obtain a two years' moratorium, coupled

with the fact that France received the greater share of this "unconditional" annuity, 500 million marks out of 660. This went far to meet the annual payments due to America and Britain, which for that period amounted to an average sum of 626 millions. The Young Plan made it at last possible to obtain from Parliament the ratification of the treaties signed with America and Britain in 1926. Indeed, Frenchmen felt that they were entitled to claim cancellation of their debt, pointing out that the loans granted to France during the War served the common cause of the Allied Powers and were wholly spent in purchases made from the Creditor Powers. But they assumed that France would not be called on to make payments larger than those which under the Young settlement she would receive.

Unfortunately, Britain could by no means be satisfied with such a plan. She was only to receive a very small amount of unconditional payments, and, on the whole annuity, the percentage allotted to her had been reduced from 23 per cent, fixed at Spa, to 20 per cent. In August when a conference met at The Hague to consider the Young Plan, Mr. Snowden, who had just taken

charge of the Exchequer, bluntly declared his refusal to accept the Plan if the agreed percentages were not restored, and the annuities paid to Britain were not increased by £2,400,000.

France's argument that Britain was given compensatory advantage during the first ten years, he turned down as "grotesque and ridiculous." French opinion so much resented his attitude that France nearly decided to leave the Conference. Since Poincaré's ill health had compelled him to resign, Briand fortunately headed the French delegation in the capacity of Prime Minister. All his influence was needed to persuade his colleagues to keep the discussion going. Strenuous efforts then led to a settlement which, by a rearrangement of dates at which payments were made, by granting to Britain a lump sum, and chiefly by France undertaking to guarantee a constant annuity to Britain, fully met Mr. Snowden's requirements.

Stresemann on behalf of Germany accepted the Young Plan, but, following his death in October, it remained doubtful whether the German people, strongly influenced by Nationalist propaganda, would not compel

their Government to change its attitude. However, it proved possible to hold a second meeting of the Conference at The Hague in January 1930, where success was at last achieved. Germany was anxious to do nothing which might delay the now promised evacuation of the Rhineland.

At The Hague much more than a settlement of the Reparations Problem had been reached. France agreed that it implied bringing military occupation to an end, the more so because the new Labour Cabinet was not inclined to keep British soldiers in Germany any longer. Briand tried to bring up his scheme for the organization of a special international control in the demilitarized zone which we saw he had "temporarily" abandoned at Geneva; but he had finally to give it up altogether. At the first meeting of the Conference it was decided that within three months the second zone would be evacuated and all British and Belgian troops withdrawn. Evacuation of the third zone would begin immediately after the ratification and the putting into operation of the Young Plan, to be completed not later than June 30th, 1930.

When ratifications had taken place, the

Plan began to operate on May 17th, 1930, by the suppression of the Reparation Commission and the opening of the Bank for International Settlements. On the same day, France issued orders for the evacuation to be completed by the end of June.

The settlement of non-German Reparations was another achievement in which France took a leading part. It was largely the work of a special committee which met in Paris under the able chairmanship of Loucheur. After long discussions, it was agreed firstly that Austria could not pay anything at all. The debt of Bulgaria was reduced to approximately one-sixth of its previous amount by the chief Creditor Powers renouncing their shares for the benefit of the members of the Little Entente. The case of Hungary was the most difficult, because of the claim she had on Rumania for indemnity to the "Optants." A way out was provided by the creation of a fund to meet the varied and conflicting claims on both sides ; France and Italy were to make the largest contribution to this fund. The Little Entente then renounced part of her share of Reparations.

General accession to the Kellogg Pact and disposal of War debts could not but

exercise on the Continent a soothing influence. For a time diplomatic activity seemed to have no other aim than to promote peace. The Russian delegates were now present at Geneva, not as members of the League, but as taking part in the work of the Preparatory Commission on Disarmament. Their contribution, however, consisted, so far, in asking for immediate total disarmament, and they apparently only aimed at denouncing the evils which Capitalism had brought upon other countries. Meanwhile, the Pact of Paris, which they quickly accepted, led them, just as in the case of the Locarno Treaties, to propose similar agreements to all neighbouring countries. Success now rewarded their negotiations with the Baltic States, since they did not mind leaving aside Lithuania with whom they had no common frontier, and, at the request of Poland, agreed that Rumania should take part in the joint treaty of non-aggression. This was signed in Moscow in February 1929, while others followed with Turkey and Persia. The real meaning of their policy remained open to discussion, but France found it less objectionable than during the previous period. It seemed no longer directed against Poland, and their

diplomacy, acting in conjunction with Italy, was apparently leading to some kind of Eastern Locarno.

In 1928, Italy had also signed a Treaty of Friendship, Neutrality and Conciliation with Turkey, followed by a similar one with Greece. Her aim, which was to reconcile Greece and Turkey by a tripartite agreement, was not reached until Venizelos in 1930 concluded a treaty at Angora. This contained a Protocol for the maintenance of the *status quo* in naval armaments, which, when completed by another one binding Turkey and Soviet Russia, brought competition for naval armaments in the Near East to an end.

Italy no longer stood in open conflict with Yugoslavia, who in 1928 took the conciliatory step of ratifying at last the technical agreements concerning Dalmatia known as the "Convention of Nettuno" (1925). Yugoslavs showed an anxiety to improve their relations with Bulgaria, and in 1929 waived part of their demands for the free use of an outlet through the harbour of Salonika, in order to come to an agreement with Greece.

Peace therefore was progressing in Europe. But France could not refrain from feeling that order in Central Europe was not strongly

established, and that the aims pursued by the Italian policy were very different from her own. She feared that Italy would take advantage of the agitation conducted by Croats in Yugoslavia, which in January 1929 led King Alexander to establish his dictatorship. An awkward incident occurred in 1928, when machine-guns were seized while they were being smuggled from Italy into Hungary, and the League found it wise not to press her investigation on that point.

At the same time, the Council was in vain endeavouring to settle a bitter quarrel which had arisen between Hungary and Rumania because Magyars, whose estates in Transylvania had been subject to the provisions of the Agrarian Law in force in Rumania, loudly asked for compensation. Agitation for the destruction of the Treaty of Trianon continued in Hungary, where it was supported by the Rothermere Press, and Austria was now more inclined to favour *Anschluss*. This, in turn, induced the members of the Little Entente to strengthen their alliance and conclude, in 1929, a General Act of Conciliation and Arbitration, instead of being bound by a series of bilateral treaties.

But more disquieting was the fact that,

since 1928, Mussolini had begun in his speeches to recommend the revision of the Peace Treaties, and to ask for Italy parity of armaments with France. An attempt made this year to settle the differences between the two countries by direct negotiations in Rome had failed. Italy's policy took a definite form in 1930, at the opening of the London Naval Conference, when she claimed parity with France. The French Government was not prepared to meet her demand. France, who had to keep part of her warships in the Atlantic, would then have forces inferior to those of Italy in the Mediterranean, and she felt it of supreme importance to safeguard her sea passage to North Africa. She could make no concession. However, Briand suggested that Britain alone could provide a way out of the deadlock by undertaking to guarantee the two countries against mutual aggression. Some kind of Mediterranean Locarno would have to be concluded. All through the London Conference, France indicated that naval disarmament remained impossible so long as the political aspects of the problem were left aside. But she could not prevail on America and Britain to accept her views.

These were the conditions in Europe when

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Briand launched his proposal for a European Federation. He broached his project at a meeting of European members of the League in September 1929, but only gave it precise form in a Memorandum which he circulated on May 17th, 1930, the day when evacuation of the Rhineland was ordered and the Young Plan came into force. These events provided him with a good opportunity. It is true that other aspects of the European situation were less favourable. France's policy of security was making no progress at Geneva, and had not even obtained a real hearing in London. The Continental policy was tending to divide States into two opposing groups standing for or against the maintenance of the Peace Settlements. But this was a good reason for making a new effort to bring them all together ; and, if it was hopeless to obtain from America or Britain any further commitment, were not Continental States willing to bring about some sort of lasting peace ? Moreover, Briand's health was failing, and he was anxious to use his exceptional prestige to promote a scheme which had long been on his mind.

It took the world, France herself, by sur-

prise, so that many conflicting motives were ascribed to its author, and these tended to obscure its real and simple significance. Briand wanted to establish "a bond of solidarity which would permit the nations of Europe at last to become conscious of their geographical unity and to realize, within the framework of the League, one of the regional understandings recommended in the Covenant." He did not contemplate their association on any other basis than that of "absolute sovereignty and entire independence," and simply invited the European members of the League to form a separate Union, subordinated to the League, yet with a distinct organization. This however was to be modelled on that of the League; the Union was to have its own Assembly, Council and Secretariat.

The answers made to the French Memorandum showed opposition from various quarters. First, those countries whose policy was directed towards a revision of Treaties objected that the proposal tended to "stereotype" present frontiers. On that ground Germany and Italy opposed it. France, indeed, argued that she was not proposing any addition to the existing commitments of

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members of the League who, under the Covenant, had pledged themselves to respect each other's boundaries. But she admitted her hostility to a policy of revision at this stage, because it led precisely to that division of the Continent into rival groups of States which she was endeavouring to prevent.

This meant a deadlock much more dangerous than the existing one. Revision, where necessary, could only be achieved by preliminary agreement and consultation, the machinery for which now recommended by France would be useful. At the present time, when the dangers of enforced revision are becoming more apparent and an effort is being made to attain the indispensable agreement by the conclusion of a Four Power Pact, Briand's views may be more clearly appreciated.

But what Briand had in mind was, in a way, the opposite of the Four Powers Pact, since he did not want the Great Powers to discuss and decide European problems by themselves. French views on that point had changed since 1920, when Frenchmen definitely desired that Great Britain and France should share the leadership of the League. They now believed that the independence

of the smaller countries ought to be strictly safeguarded, all possessing equal privileges in the Union. The experience which Briand had acquired at Geneva inclined him to believe that it would not prevent a Great Power, supporting a moderate and disinterested policy, from progressing. But his views were bound to raise suspicion, especially in Britain, who already resented France's excessive influence on the League. As, in addition, Briand suggested that, "in order to emphasize the subordination of the Union to the League, it should be confined, at first, to European States which were League Members," thus excluding Soviet Russia and Turkey, the conclusion was inevitable that the scheme led to the destruction of the League by a smaller Federation which France could dominate. The German and Italian Governments insisted that Soviet Russia and Turkey be included, while Britain wondered what would become of herself.

The British Cabinet criticized the French proposal on the ground that it would confirm France's hegemony and organize Europe in opposition to the other continents. Britain could not remain outside, but feared to find her own position untenable. Her hostility

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was, indeed, well grounded, and the proposal probably would never have originated in Briand's mind if he had been able in other ways to enlist the Anglo-Saxon countries in the common work of organizing peace. It followed his failure which we have previously outlined. British criticism again showed that France's supposed hegemony was the counterpart of British abstention. But it only met a temporary situation which was not to last long. France already found it difficult to conceive that her influence was at all dominant within a Continent where Germany and Italy actively held her in check. Later on, in 1932, France would attempt to complete her scheme, calling again on Anglo-Saxon co-operation, yet endeavouring not to expect a commitment which they refused to undertake.

Meanwhile, Briand had been compelled to amend his proposal; he agreed that the League should simply form a distinct committee of its European members and that these should invite Soviet Russia and Turkey to join them.

Last but not least, a characteristic of Briand's proposal was that he recommended an approach to European difficulties primarily

from the political angle. Not that he minimized the importance of economic factors, but, in his opinion, economic anarchy was produced by political uncertainty. His advice was not taken seriously. Frenchmen, it was felt, were always reluctant to see that politics had to be subservient to economic forces. Did not even they agree that European co-operation should first seek the economic restoration of Central Europe? This new attitude in France was in fact the direct effect of the World depression which was now approaching Europe and would in the ensuing year produce financial breakdown. But, after passing through several years of economic crisis, one is left to wonder whether, after all, Briand was not right.

CHAPTER VII

THE WORLD CRISIS

1931-1932

THE financial crisis broke over Europe in the spring of 1931, in the middle of a dangerous political struggle, and it first affected the country whose policy gave rise to most suspicion. This was exactly what Briand feared. The great progress made by the German Nationalists at the elections for the Reichstag in autumn of 1930 had already been very disquieting. Hitlerism had suddenly increased its membership from 12 to 107. At the Preparatory Commission on Disarmament, whose work had now reached its final stage, Germany, supported by Italy, systematically opposed French views, and voted against the Draft Treaty proposed by the majority, because it did not provide for a general disarmament which, in her opinion, the Allied Powers at Versailles had pledged themselves to undertake.

In March 1931, a Protocol was unex-

pectedly signed establishing a Customs Union of Germany and Austria. France, and of course the Little Entente, who had both been taken by surprise, loudly protested. Perhaps France would have been wise to leave the initiative to Italy, who was also opposed to the *Anschluss*. But feeling in France ran high, and the leader of the Opposition, Herriot, showed himself even more indignant than the Government. The incident was a fatal blow to the prestige of Briand, who had remained at the Foreign Office in the Tardieu and Laval Cabinets, but no longer exercised full control over French diplomacy.

France had a good legal case. Germany, by the Treaty of Versailles, and Austria, by that of St. Germain, had pledged themselves to maintain Austria's independence, and again in 1922, when the financial reconstruction of Austria had been undertaken by the League, she had promised to avoid any economic negotiations or commitments which might directly or indirectly endanger her independence.

In Britain, public opinion felt that, if Austrians wanted to join Germany, they neither could nor should be prevented from

doing so. But Britain now realized the danger created by the attempt to enforce a decision on Europe. While she preferred not to oppose Germany directly, she proposed that the Hague Court be consulted as to whether the Protocol could be reconciled with the Treaty of St. Germain and the Agreement of 1922. France accepted the procedure, but was much surprised when the Judicial Court, in September, ruled that the first text did not apply to the case, and that the second only prevented temporarily the conclusion of a Customs Union.

Meanwhile, however, financial breakdown had compelled Germany and Austria to give way, and allow the Protocol to lapse.

In May it was discovered that the *Credit-Anstalt* in Vienna was unable to meet its commitments, and Austria urgently sought a new loan. France declared that the Customs Union must first be abandoned, and her attitude was resented in London, where the Bank of England undertook to provide the amount required. This marked the opening of Europe's financial crisis, during which the part played by France has given rise to much criticism abroad.

France was first denounced for making use of Europe's plight to promote her political ambitions, for conducting "financial warfare in order to obtain political power." Not only did she refuse assistance to Austria because of the proposed *Anschluss*, but, when Hungary, in June, also needed her help, she endeavoured to break her alliance with Italy and to persuade her to waive her plea for a revision of Treaties.

Faced by the prospect of a German default, she alone withheld for several weeks acceptance of Mr. Hoover's proposal for a one-year moratorium on international debts. Thus, it is said, she allowed the psychological effect of the American initiative to be lost, and compelled the German banks, first, to close their doors and, later on, to restrict their payments. When at last the British Cabinet arranged for a Conference to meet in London, France again claimed the right to impose on Germany her political requirements, insisting on her dropping the Custom Union scheme, abandoning the completion of a new cruiser, and perhaps also accepting an Eastern Locarno.

Even during the initial stage of the London crisis, we are told that Paris desired that

"London should be weakened," and that French withdrawals of sterlings were largely responsible for Britain giving up the Gold Standard.

Frenchmen, however, did not feel they were taking undue advantage of the better financial position they had conquered in recent years by strenuous efforts. Indeed, they were not much inclined to lend abroad, and that point we shall consider later on at greater length. But, while extending assistance to countries who were in trouble, they felt entitled to have regard to political conditions, not only for their own sake, but for the common interest of the Continent. It was in Europe's interest to defend the provisions of the Peace Treaties, and the maintenance of the existing order was a necessary condition for the restoration of credit. Their state of mind, which was at the time accurately described by Hamilton Fish Armstrong in *Foreign Affairs*, can be easily accounted for.

The spectacle of Germany on the verge of financial collapse led to the conclusion that, in 1931 as in 1927 and 1922, she had been deliberately letting herself drift towards the present crisis. To the extravagant

financial policy of municipalities and of the Reich itself she added an accumulation of short term debts which Anglo-Saxon countries unwisely allowed her to tie up in building and other unproductive projects. French investments in that direction were happily very small.

But application of the Hoover Moratorium imposed on France a sacrifice much greater than that of other European states. The balance of the sums that each State would normally have received and paid in the year showed a loss of 329 million marks for France, as against 69 for Britain and 46 for Italy. Now experience showed that any State can extricate itself from financial difficulties. Why should not the German Government, "which was relieved of all internal debt by the eclipse of the old mark, which has now been relieved of almost all foreign debt payments by the Hoover Moratorium, and which has received financial help from abroad in unprecedented amounts, be expected to make the same effort that France made under M. Poincaré?"

Less than a year earlier a complete settlement of Reparations had been carefully prepared and solemnly signed. It was hard

to give it up and to allow unconditional payments to be suspended. Above all, how could financial recovery succeed if anyone in a position of particular power could precipitate the abrogation of a treaty which he considered as an obstacle, without recourse to legal procedure or even to negotiations? When France accepted Hoover's proposal she entertained no illusion as to its result.

Her attitude also aroused criticism of a purely economic character. Her hoarding of gold has sometimes been described as a deliberate policy by which France sought financial supremacy and a *revanche* on International Finance, which, at the time of her own crisis, had given her no assistance, but had always prevented her from grasping the fruits of her military victory. In any case, the economic consequences of her accumulation of gold have been repeatedly pointed out.

Statistics show that the increase in world stocks of monetary gold, largely due to the release of hoarded gold from Eastern countries has in recent years been sufficient to supply the world's requirements, but that an enormous proportion has been concentrated in America and France. In 1931,

out of a world's stock of 2,523 million pounds, the gold reserves of Central Banks and Treasuries in America and France amounted respectively to 832 and 551 millions.

How then can France account for the enormous increase in her gold reserve?

The movement originated in 1926, when Frenchmen recalled the capital which they had sent abroad during the crisis, and foreigners bought French currency which they assumed would appreciate. As a consequence, the Bank of France was issuing francs against foreign notes.

Poincaré then proceeded to a legal stabilization and, in June 1928, established the Gold Bullion Standard. He fixed the franc at one-fifth of its old value, and was much reproached for not having chosen a higher rate. It favoured industry and trade more than anybody had foreseen. Poincaré, at the time, feared that a serious industrial crisis would follow, and later on was entitled not to regret a step which brought prosperity to his own country.

The motives that dictated his policy have already been explained. Not the least important was the accumulation of a stock of

foreign notes held by the Bank which already exceeded the maximum that she could safely preserve.

An inevitable result of stabilization was that, if the world went on buying francs, gold would now come to France. Nobody foresaw that the movement would continue on a large scale. France readily admits that, for a time, she wanted to increase her stock until, in 1929, it reached the amount of 1914, but maintains that, later on, she did all she could to stop the influx of gold.

The discount rate in Paris remained much lower than abroad. It was at $3\frac{1}{2}$ per cent in 1929 when New York raised it to 6, and London to $6\frac{1}{2}$. In August 1931 it stood at 2 per cent in Paris against $4\frac{1}{2}$ in London.

Foreign currencies were by no means thrown recklessly on the market. The Bank slowly reduced its stock from 32 to 23 milliards of francs, while the Treasury, which had 11 in hand, was careful to dispose of them only by making them available for Frenchmen who had foreign debts to meet. On several occasions the Bank bought foreign currencies in order to support the pound, and, in 1931, kept 62 millions of sterling

which she refrained from selling, thus accepting a loss of $2\frac{1}{2}$ milliard francs.

At the same time the Bank was contributing 25 million dollars to the credit of 100 granted to the Reichsbank, and half of the 50 million dollars lent to the Bank of England, while the Treasury supported a credit granted to Britain by French banks, and the issue in France of English bonds.

On one point alone France remained obdurate. She no longer wanted to increase without limit her amount of foreign currencies, and felt entitled to refuse it.

On the other hand, as regards rediscounting, the Bank of France does not play the same part as the Bank of England, and this has led French banks always to keep large balances in London, to be recalled at any time. Political troubles always tend to create such movements, which are a normal effect of the relations existing between Paris and London, and by no means implied, in 1931, an attempt on the part of the French Government to exercise pressure on Britain.

It is true that these balances would have been partly absorbed if France had invested more on long term abroad. Several foreign loans were issued on the Paris market, but

the reluctance of French bankers to support such a policy, their timidity, the demand they sometimes made that such loans should be partially spent at home, have been severely appreciated. In 1926, the Government also discouraged investment abroad by raising heavy duties on dividends from abroad. But it reversed its policy in 1929 when stamp and income-taxes on them were much reduced.

There remained, however, the fact that the public showed definite mistrust and a strong inclination to keep French capital at home. To Britain, where opposite traditions have for long prevailed, this mentality is indeed hard to understand. But one has to remember that the French Capitalist had suffered severe loss on the pre-war loans made in Russia. Above all, one cannot be surprised that he now preferred to invest in France, when the whole world was inclined to do the same.

The movement which attracted foreign capital towards France was not stopped by stabilization. It went on because foreign countries, after having speculated on the franc, now anticipated a rise of French shares, or at least regarded France as the safest country for investment. When slumps

were shaking Wall Street, and London was feeling the effect of a long depression, France for two years still appeared active and prosperous. She therefore attracted foreign investors ; and this, in the opinion of Frenchmen, was the main reason for the influx of gold.

They deny that Reparations payments exercised a strong influence on the movements of gold, and that French tariffs prevented Germany from paying her debt in goods. They are, indeed, inclined to minimize the effect that unproductive transfers had on the World Crisis. But here also figures support their opinion.

A Minister of Finance, Raynaud, has pointed out that for the three years, June 1928 to June 1931, during the early part of the crisis, France received 340 million dollars for Reparations and paid to America and Britain 308. The difference is far too small to have done serious harm.

Taking the whole period during which payments for Debts and Reparations were made, it appears that France and America received 650 million pounds and increased their gold stocks by 550 millions ; but, when the successive stages of the processes are

considered, one sees that from the beginning of 1925 to the end of 1928 France and America received 1,364 million dollars, while their gold was reduced by 1,164 millions. From January 1st, 1929, to June 30th, 1931, they received only 898 millions; yet their gold increased by 1,805. Thus no direct and immediate correspondence between the two movements can be proved.

As regards Franco-German relations, France did not oppose German payments in goods as, from 1929, the time when the French policy is supposed to have produced the crisis, the Trade balance between the two countries showed increasing surplus in favour of Germany. Many Frenchmen owned that Protection had contributed much to the decline of international trade. If France felt unable to reduce her tariffs, it was for reasons which have been explained in a preceding chapter. But France was no more responsible for the depression than other countries, and her tariff policy did not much affect the distribution of gold.

Moreover, the distribution of gold was not regarded in 1931 as the main reason for the general depression, and French views on the gold problem differed much from

those of Anglo-Saxon countries. Scarcity of gold was not chiefly responsible for the decline in World prices. On the whole, France did not believe that the crisis was due primarily to monetary causes, but more to the effect of over-production.

She, nevertheless, admitted that her monetary policy played a part in the process. The Bank of France, by issuing new francs against foreign notes until a legal stabilization interfered, increased credit at an unpropitious time. Again, in 1932, the Bank, fearing a possible fall of the dollar, converted into gold its deposits in America, thus adding to the scarcity of credit from which the world is now suffering. But France felt that it was to some extent at least the policy followed by Anglo-Saxon countries which had failed. Recalling the years immediately after the War, France regretted that the financial solidarity of the Allied Powers had broken down after the Armistice. Instead, American policy raised prices ; Britain raised sterling to parity and stabilized when prices had been artificially increased. There followed a fever of speculation in America, while Britain, now bent on assisting her industry, refrained from raising her dis-

count rate and did not protect her exchange. No contraction of credit took place, but the amount of gold lost was almost entirely replaced by an increase in the Bank of England's securities. As Professor Robbins has recently explained, "The continued disequilibrium of the British price structure, constituting, as it were, a sort of watershed of gold, played at least as important a part as the alleged tendency to 'hoarding' on the part of the gold-receiving countries."

France therefore could conceive no other remedy than a speedy return to the Gold Standard, being convinced that the movement by which gold was flowing to France would be soon reversed. She was not attracted by the suggestion of adopting a "managed currency," and was opposed to a policy of increased credits which involved recourse to inflation. It had brought France in 1926 nearly to financial collapse, and the public remained too much alive to its dangers to allow a policy of inflation to succeed. Last but not least, experience had taught Frenchmen that confidence was the one decisive factor for economic recovery. Inflation would not be witnessed confidently

in France, but, if progress were made towards the solution of the political problems which separated countries, the World Crisis would lose its acuteness.

A World Disarmament Conference was due to meet at Geneva in February 1932, and the general depression made it imperative that it should not be delayed. The growth of Nationalism in Central Europe, and the loss of prestige which the League suffered by failing to stop Japan's invasion of Manchuria, made it still more necessary that an agreement leading to reduction of armaments should be achieved. On the other hand, the financial breakdown had spread the belief that the settlement of Reparations effected at The Hague could not last, while the situation that would follow the end of Hoover's Moratorium in June had to be considered. Finally, would countries agree on a common policy to provide a way out of the economic crisis? All these problems had now to be faced, and France approached them with a strong conviction that their economic aspects depended on their political factors, that no revolutionary move on the monetary side was needed, but that, if only

peace was properly "organized," confidence would be restored and countries might be persuaded to take steps to promote trade.

In order to open the way for the Disarmament Conference, the Assembly of the League had in September 1931 discussed an Italian proposal for an Armaments Truce which had been accepted by fifty nations. The Preparatory Commission had submitted a Draft Proposal in which the greater part of France's technical requirements were complied with. The majority of its members had recommended limitation of effectives, not including trained reserves, budgetary limitation and the setting up of a Permanent Commission. For naval armaments the compromise suggested by France and accepted at the London Conference was adopted, the total capacity of each Navy being distributed between definite categories of vessels, but each country being allowed, after previous notice, to alter its distribution. However, no agreement with Italy as to parity had been reached, and Germany had entered a protest because the Draft Treaty did not remove the obligations imposed upon her at Versailles. Above all, France's plea for security had not been satisfied.

She therefore circulated in July 1931 a Memorandum expressing again her belief that mutual assistance against aggression should be better organized, that "insecurity for one State means insecurity for all," and that, "by reason of the dangers threatening the weaker or more exposed State, the general reduction of armaments lays upon the stronger or less threatened Powers responsibilities which they cannot elude." As regards Germany's claim, the Memorandum recalled that, "when the Treaties (of Peace) were framed, at no time and in no place was the argument advanced, either in speech or in writing, that the other States should in their turn place their armaments on the level prescribed for certain States." As to the possibility of Treaty revision, it stated: "Reduction of armaments implies confidence. Can that confidence be expected to prevail, so long as the feeling abroad is that, in the eyes of many, the problem is not so much one of organizing peace for the benefit of all, as of modifying the existing order for the benefit of a few, and so long as it is possible for some States to feel that the very existence conferred upon them by the Treaties is threatened?"

The decision of the Conference must be based upon respect for the Treaties."

The overwhelming majority of the French people held such views, the Socialists alone standing apart. The clear and precise expression of them was probably due to Tardieu, the leader of the parties in power, whose Cabinet, following a vote of the Senate, had in December 1930 resigned, but who still kept a dominating influence over the new Laval Cabinet. Briand was to remain in charge of the Foreign Office until the autumn, when his resignation only preceded by a few weeks his death (March 1932); but French diplomacy had already passed into other hands.

The French Government was anxious that the Conference should approach the problem of Disarmament from the proper angle, and that the question of Security should not be overlooked. At the opening of the Conference, Tardieu, who acted as France's chief delegate and was shortly to resume the Premiership, immediately introduced definite proposals :

1. Civil and military aviation, heavy guns, warships above 10,000 tons and the larger submarines to be placed at the disposal of the League.

2. An "international army" to be organized, consisting of a police force and a coercive force to assist the victim of aggression.

3. Political agreements to be concluded, involving compulsory arbitration, definition of the aggressor, and international control over armaments.

Again these proposals were approved in France not only by the parties supporting the Cabinet, but by the Radical leader Herriot. They failed, however, to win much support at Geneva, and France's unexpected initiative had the unfortunate result of inducing other Governments to follow her example and issue unilateral declarations which delayed consideration of the Draft Treaty commonly accepted as a basis for discussion.

Thus, in succession, America proposed the abolition of offensive weapons, especially tanks, heavy guns and gas, and Britain declared in favour of "qualitative limitation." Mr. Hoover intervened at this point, suggesting definite reductions of land forces in proportion to those accepted by Germany, suppression of one-third of the battleships and one-fourth of the cruisers,

on the assumption that France and Italy accepted the standards fixed at the Conference of London. Britain followed, asking for greater reductions of the Navies, especially of the larger battleships, and abolition of submarines.

Meanwhile, France was kept on the defensive. She feared that proposals for abolition of arms chiefly aimed at checking the suggestions for their internationalization. She objected to the method of qualitative reduction on the ground that every weapon can be used for offensive and defensive purposes, and that the counter-offensive is an essential part of defence. One ought to foresee the case of an aggressor who, having invaded a neighbouring country, there erected fortifications which the defensive power would have to destroy. France's memories of the War made it impossible for her to run the risk.

Her criticism was supported by the obvious failure of technical committees to agree on a qualitative classification of arms, each country insisting that those she needed were not offensive weapons. It seemed rather fantastic that fifty nations who had solemnly pledged themselves to renounce

war, should go on discussing on these lines, persistently refusing to admit that if the pledge were to hold good, armaments ought only to be kept for the purpose of police and mutual assistance.

But, before closing the session in July, the delegates had to be contented with passing a resolution which registered the few results so far achieved. Yet Germany abstained from voting, on the ground that her claim to equality had not been considered. The four countries who had fought on her side in the War, and also Italy, followed her example.

However, as the Hoover Moratorium was now coming to an end, attention turned towards a settlement of Reparations which another Conference, assembled in Lausanne, was undertaking.

During the preceding winter, the German Government had intimated its desire for the revision of the Young Plan, and even declared its intention to make default. International experts appointed by the B.I.S. reported that the position of Germany was made delicate by the flight of capital and the reduction in the reserve of the Reichs-

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bank. They criticized severely the policy followed during the preceding years, by which short-term credits were converted into long-term investment and expenditure increased until 1931. They concluded, however, that conditional payments could not continue, and that a general settlement of all international debts was necessary.

France's position was difficult enough. While she had foreseen that German payments after the Hoover Moratorium would not be resumed, she strongly maintained that a revision of the Young Plan could only take place with the agreement of the Creditor Powers. Moreover, she was convinced that the German crisis had not been produced by Reparations, but followed a policy which to Frenchmen seemed indeed foolish. There was no sign that Germany would in any way be grateful if freed from her commitments, or would be induced to make the necessary effort for her own salvation. No doubt, however, she would soon recover. Was it wise not to look several years ahead to the time when the Germans, with their splendid industrial equipment, with a debt much smaller than that which burdened taxpayers in Britain and France, would once more

become very dangerous competitors? It appeared therefore advisable only to grant them temporary relief.

But other aspects of the problem were not overlooked. There were "private debts" for which a moratorium had also been granted to Germany in 1931, and Britain, whose bankers had lent so much money to Germans, now claimed precedence over political debts. There was France's debt to Britain, for which an agreement must be reached with the British Cabinet, who strongly recommended complete cancellation of Reparations. Finally, there were the debts owing to America. France certainly believed that the Hoover Moratorium had created some link between them and Reparations. When her Prime Minister, Laval, visited Washington in the summer of 1931, he had been made to understand that such a link existed, but advised that the first thing to be done was to attempt to reach a new Reparations settlement. When, however, Congress ratified Mr. Hoover's initiative, an amendment was passed which declared that no reduction of Inter-allied Debts was contemplated.

Above all, recent events in Germany were

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extremely disquieting. At the presidential election in March 1932 Hitler had recorded 11 million votes, and at the Prussian elections in April the Nazis, with their Nationalist Allies, had won the majority of seats. A Nationalist, Von Papen, whom one remembered for the part he played in the submarine war, had been appointed Chancellor.

Under such circumstances it was, indeed, surprising to find that the general elections, which took place in France on May 8th, showed no inclination towards Nationalism, no tendency to meet the violent denunciations of French policy which came from across the Rhine, by a similar attitude. Even President Doumer's assassination on the eve of the poll did not influence the vote. The Tardieu Cabinet, to which Nationalist tendencies were ascribed abroad, was beaten, and the Left parties conquered power. Herriot, who formed the next Ministry, had, indeed, approved Tardieu's proposal at Geneva, but he also relied on the support of the Socialists, who recommended an immediate reduction of armaments. Moreover, his past record was all in favour of conciliation and peace. On the problem of Reparations Herriot obviously shared the

views which we have just described, but, before going to represent France at the Lausanne Conference, he had come to conclusions which led him to adopt a new course.

First, he felt that Inter-allied Debts were even more important to France than Reparations. As France could certainly not in the long run pay her debt to America if she no longer received payments for Reparations, some way out had to be found, and it would only be found in conjunction with Britain. In London no provision for the service of the American debt had been included in the Budget, but an agreement was now concluded with Washington regarding the annuity whose payment had been delayed during the moratorium. France would not leave Britain to pay alone, and had to come to an understanding with her on the question of debts, even if this implied granting to Germany a final settlement of Reparations.

Such a settlement would, moreover, lead to good results, if not in Germany, where public feeling was hopeless, at least in the other countries of Central Europe. France was much concerned with their difficult

economic position, for which the European Federation founded by Briand had already been seeking a remedy. Later on, in April, Tardieu had proposed a Plan by which the Great Powers should invite the countries of Central Europe to prepare draft proposals for their common recovery by the establishment of closer economic relations, but should refrain from interfering, even to offer necessary assistance, until the latter had come to an agreement among themselves. Tardieu feared that Germany's well-known desire for *Anschluss*, and the support given by Italy to Hungary and Austria against the Little Entente, would prevent reconciliation. Berlin and Rome rejected his suggestion. However, the work had to be done, and Britain and France had to join in a common effort.

Finally, the greatest of all problems was that of Disarmament. Its importance increased as Nationalism in Germany gained strength. France's only possible reply was to make the Geneva Conference at its next meeting a success, and thus to bind Germany by a new Pact. Could France fail to enlist the co-operation of other countries, above all that of Britain, for that aim?

At the opening of the Lausanne Conference, Herriot joined in a common declaration of the Creditor Powers which granted a moratorium to Germany for payments due during the time of their meeting, and stated that a "final and precise settlement" must be sought "without delay or interruption." He could not, however, accept a complete cancellation of the German debt without obtaining some small compensation. When the German delegates proposed political conditions and tried to obtain in that way recognition of their claim to equality of armaments, they were met by a stern refusal. British support of the French demand then brought Germany to accept a settlement. The whole German debt for Reparations was cancelled except for 3 million marks for which the B.I.S., after three years' moratorium, would endeavour to issue bonds, Germany being also obliged to ensure the continued service of the Dawes and Young bonds. But the Creditor Powers undertook not to ratify the Lausanne Treaty until an agreement with America had been reached. The Conference took steps to prepare the meeting of a World Economic Conference, and also instructed a Com-

mittee to consider the situation of Central Europe.

Thus Germany was relieved of practically the whole burden of Reparations payments. All depended of course on America's decision. But, by making such a large concession, France hoped that she would be better able to promote the policy which has been defined above. At Lausanne, France and Britain had acted in closer co-operation. Britain took the generous step of undertaking to cancel France's debt to her, if the Lausanne settlement held good, while France took a similar one towards Italy. A Franco-British Agreement, *Accord de Confiance*, was concluded by which both countries declared themselves willing to consult each other, and to work together on questions similar to those settled at Lausanne, on Disarmament, and for the preparation of the Economic Conference, while mutually refraining from taking steps harmful to each other's interests.

The agreement had at first little effect on the negotiations relating to Central Europe. At the Conference which met at Stresa, France took a leading part, and succeeded in falling into line with Italy and Germany. In order to protect the countries of Central

Europe from financial collapse and to enable them to export wheat at remunerative prices, it was proposed to create two funds, while at the same time importing countries were to lower their tariffs on imported wheat. France regretted that Britain, since she did not raise any duty on foreign wheat, would not contribute to these funds.

Meanwhile, the British and French Cabinets were anxiously waiting for America to follow the lead they had given at Lausanne and to reopen discussion on Inter-allied Debts. After the cancellation of Reparations the payments to America could not continue. Frenchmen unanimously believed that the American attitude was morally unjustified and economically unsound. President Hoover, by taking the initiative of proposing a general moratorium, notwithstanding any reservation he had made, had admitted that the payments due to America could not be considered apart from those due by Germany. But when the time for the next instalment was reached (December 15th), Britain undertook to meet once more her obligations, and Herriot recommended the same course. He was, however, defeated in

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the Chamber of Deputies, which ruled that, pending the reopening of negotiations with Washington, the French payment would be withheld. Many Frenchmen deplored this momentous decision on the ground that France ought to stand by her signature, maintain a united front with Britain, and also foresee that future emergencies might arise when American support would again be of supreme importance.

Franco-British co-operation was also put to the test when, in August, Germany approached France with a view to obtaining equality of armaments, failing which she would not attend the next meeting of the Geneva Conference, and would regard herself as relieved of her obligations under the Treaty of Versailles.

The British Government then fully expressed French views in stating that Germany's demand, following at such short distance the cancelling of Reparations, was "particularly untimely," and that she was not entitled to rely on an article of the Versailles Treaty which had not been put into force to free herself from her commitments. The Versailles Treaty, as Sir John Simon explained, only stated that general disarma-

ment was the aim pursued by the Allied Powers and, "to state what the object or aim of a stipulation is, is a very different thing from making the successful fulfilment of that object the condition of the stipulation."

France held, however, that the League alone was entitled to amend the Versailles Treaty: "We make the policy of the League," declared Herriot. Britain, on the contrary, desired that the Geneva Conference should replace the limitation of armaments imposed on Germany at Versailles by limitations, "self-consented and freely entered into" by all.

Debates were resumed at Geneva without Germany being present, but, outside the Conference, negotiations were entered into between the Five Principal Powers. France finally gave way, being only anxious to ascertain that if Germany's demand for equality were satisfied, her own demand for security should not be overlooked. She was not willing to accept the British suggestion that the Five Powers should join in a solemn reaffirmation that "they will not in any circumstances attempt to resolve any difference by resort to force." In

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December, a joint declaration was signed stating that the Geneva Conference would undertake to give Germany "equality of status . . . in a regime providing security for all."

Meanwhile, without waiting for Germany's return, the French Government, in November, submitted a new Plan. It went farther than Tardieu's proposal and endeavoured to draft a complete settlement for Disarmament. France felt she now better understood the reason why Anglo-Saxon countries were reluctant to support her policy of security.

So long as an agreement had not been reached on the question of the Freedom of the Seas, and Britain did not know whether America would claim the privileges of a neutral power in the case of a European conflict, it was impossible for Britain to undertake new responsibilities on the Continent. The efforts made for several years by a few able observers, and first and foremost Mr. Wickham Steed, to call attention to this aspect of the problem, now produced their effect.

France was pleased to note that Japan's offensive policy in the Far East had led

America to define her position, and to realize the implications of the Kellogg Pact. The Secretary of State, Mr. Stimson, warned Japan and China that the United States could not recognize as lawful any situation that might be reached by means contrary to the Pact of Paris, and he approached Britain with a view to joining the United States in laying down the principle that the use of lawless force should not create a valid title to any advantage that might be obtained by it. On the same lines, a resolution was submitted to Congress by Senator Capper stating that the United States would not aid or abet a violator of the Pact by furnishing it with arms or other supplies of war, or with any form of financial assistance.

France assumed that the Democratic party, which after Roosevelt's election in November was to come into power, would at least endorse these principles. She was hopeful that Britain would then again feel confident enough to accept as valid the stipulation of Article 16 of the Covenant which declares that any member of the League having resort to war in violation of the Covenant shall *ipso facto* be deemed to

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have committed an act of war against all members, who thereupon undertake eventually to use armed force against it.

In order to provide security, France's new Plan proposed the conclusion of three "Concentric Pacts." First, in case of a violation of the Kellogg Pact, all its signatories would undertake to consult and would refrain from giving any assistance to the aggressor. Next, Great Britain, while accepting the Convention for Strengthening Means of Preventing War, and the Convention for Financial Assistance prepared by the League, would again state her approval of Article 16. Finally, the Continental States of Europe alone would organize mutual assistance against an aggressor by placing some international force at the disposal of the League.

As regards Disarmament also, the French Plan broke new ground. It laid down the principle that the technical difficulties of the problem could only be solved if Continental States possessed armies of the same type. They should be national armies with very short terms of military service. The latter, however, would depend on the size of the population, and police forces in barracks.

would be counted as military forces. In addition to such national armies, Continental States would keep specialized units for the purpose of joint action, with offensive weapons stocked under International Control. Air bombing would be prohibited, and civil aviation organized on international lines, while military aviation would be entirely controlled by the League.

The French Plan was hailed abroad as a very great advance. At any rate, it marked the final stage reached by the French policy of security. In France, although it was known that some objections had been raised by the Military Staff, it was generally approved. The Socialist leader, Blum, alone criticized the institution of an International Force, chiefly because it allowed Germany to maintain her *Reichswehr*, in addition to her new national army. But a general adoption of short-term military service was everywhere supported. The Plan took advantage of many suggestions made at Geneva, either when the Draft Treaty of 1923 and the Protocol of 1924 were discussed, or at the meetings of the Preparatory Commission. It fell well into line with Briand's proposal for a European Federation. But it marked

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an improvement on all of them. France felt she was not asking for more than other countries could give, and had definitely succeeded in expressing her own views on the problem of Peace.

CHAPTER VIII

THROUGH THIRTEEN YEARS

AN attempt was made in 1932 to find a way out of the main difficulties which had since the War blocked the way towards recovery. It is painful to admit that it has failed. No agreement on Disarmament has been concluded. The Conference of Lausanne could only register the "Wreck of Reparations," while for Inter-allied Debts a deadlock has been reached. Finally, no result came out of the World Economic Conference.

Nevertheless, it is clear that all countries, France among them, can no longer carry on as they have done so far. The German Revolution and the American experiment have raised new issues. It is therefore a convenient time to outline the principal aspects of the policy of France through the thirteen years which have passed since the War.

On the one hand, it appears that France during that period followed two different policies. Poincaré's diplomacy was clear-cut

and simple enough. The world remembers it chiefly for the independent action he undertook in the Ruhr which, however, was no part of his original programme. His guiding principles were the defence of the rights France held under the Peace Treaties, coupled with the conviction that force alone would ensure Germany's compliance.

Briand's policy is much harder to define. He did not care, and in this he was perhaps wise, to give it a precise form, but only expressed his constant desire for a *détente*, for conciliation and peace. He tried to placate Germany and win her co-operation. She ought to become a member of the League. To her, indeed, he made what was felt to be important concessions—a large reduction of her debt, the suppression of military control and the evacuation of the Rhineland.

Obviously, Briand did not believe that the whole settlement of 1919 could last for ever, but he persistently opposed a hasty revision of the Treaties, above all of the frontiers they had fixed. He considered that some organization of Europe was necessary not only for their maintenance, but also to make possible their peaceful revision. Hence his plea for security.

From the first he felt that collaboration with Britain was essential, and with her he was able to conclude the Locarno Treaties. At the same time, he pursued at Geneva the organization of Europe within the framework of the League. He considered that Partial Treaties for mutual defence could be reconciled with, and made a useful preliminary to, a more general agreement, and in addition that Great Powers should not endeavour to impose their will on smaller States whose free consent was needed for a real understanding. When he finally launched a plan for European Federation, he aroused Britain's mistrust; but to the last he hoped to obtain her support.

On the other hand, it is clear that French policy during these thirteen years has always pursued the same objectives—namely, Reparations and Security. One can only note that Reparations which were at first in the forefront, gradually receded into the background, while France was compelled gradually to reduce her claim and at last to give it up. Security, on the contrary, appeared increasingly important. Frenchmen felt the need for future safeguards the more keenly as Nationalism in Germany was winning strength, and learned that Security could

not be asked for the benefit of France alone, but must be achieved at the same time by all and for all. They endeavoured to draft a plan in which no country would be asked to contribute more than she was able to give.

Success has so far been delayed, and one is often inclined to ascribe part of the responsibility for the failure to France herself. Thus her action in 1923 prevented future reconciliation with Germany, and her reluctance to assist other countries in 1931 much aggravated the present crisis. We have seen the reasons for the policy followed by France in those years. It was dictated by the way in which Frenchmen understood the mentality of the German people, and one can only remark that Frenchmen, at present, are by no means willing to plead guilty for the past.

Progress has also been prevented by other reasons. The first is that the French demand for security was met by a contrary demand for a revision of the Peace Treaties. France did not altogether oppose revision, as she allowed important parts of the Treaties to lapse. But she was convinced that Germany's real aim was not revision, but destruction, a *revanche* with a view to becoming

once more the dominant power on the Continent.

What Anglo-Saxons who advocated revision had in mind, France never properly understood. They rightly felt that Germans should be given hope for better days, but France also feared that they wanted to deprive her of the hegemony that they believed her to possess. They desired to promote a recovery of trade by suppressing frontiers in Central Europe and in the obnoxious corridor. Seeing Continental conflicts only from a distance, they readily agreed to the union of Austria and Germany. But they did not seem to have carefully scrutinized what a revision might imply.

French views assumed that the settlement of 1919 much improved pre-war conditions, and was better than any new one that might, at this stage, be produced. A Central European Federation and a customs union would later on be established. But, as rival nationalities were at present distributed, any alteration of the frontiers would be a change for the worse. To give satisfaction to Germans or Magyars would be to create discontent in Slavonic countries. Conflict between these two groups had produced the

last War, and would quickly result in a new one.

France fully appreciated the explosive force contained in the revisionist campaign. Her Continental policy tended therefore to strengthen the *status quo*. Considering the conditions of Germany in 1920, her apprehension might appear excessive. But the offensive of Soviet Russia and her close relations with Germany, the hostility of Italy towards Yugoslavia and her obvious desire to extend her influence in Central Europe and the Balkans were already endangering the Peace Treaties.

Later on, the policies of both countries better served the interests of peace. Soviet Russia was no longer opposed to Poland, but concluded treaties of non-aggression all round, while Italy appeared also to favour reconciliation in the Near East. France thereupon came nearer to Soviet Russia, and, although unable to accept Italy's demand for naval parity, showed anxiety to improve her relations with Rome.

The second obstacle standing in the way of security was America's aloofness and Britain's refusal to accept further entanglements after Locarno. France, indeed, never

gave up hope of Britain, at last, being persuaded to alter her policy. She well realized that the Commonwealth was not much concerned with European problems, but failed to understand why the British Government was unable to decide in advance what it would undertake to do on a specific occasion. The logical mind of Frenchmen regarded the British abstention as political abdication. The argument that a free democratic country must not pledge her people in advance made no impression on the French, who believe that any Government must provide for future emergencies, that every generation has to prepare the world for the next.

When asked to trust that Britain will never be on the wrong side, Frenchmen are quite willing to do so, but cannot regard such a guarantee as equivalent to that which a definite commitment would provide. They remember that in 1914 it was the violation of the Belgian treaty that brought Britain into the field, and know that even a short delay might mean to France a new invasion. Last but not least, France fully appreciates the importance of the part that Britain can play in Europe in preventing future conflicts,

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and feels that the British people have never properly realized the enormous influence which they alone possess.

Thus French policy would seem to be imbued with a war or a pre-war spirit, as it tends to maintain two opposing groups of Powers and thus to prevent disarmament. But France thinks that a "post-war spirit" cannot consist of anything other than a profound desire to organize peace, and that is precisely her present objective.

By no other means does she want to face the new danger created by Nazism. But it is clear that she now stands at the cross-roads. German Militarism has put the clock back to 1914. The progress of dictatorship is a menace to French Democracy, and it is even uncertain whether the World Crisis will not finally shake the economic and monetary foundations rebuilt by France after the War.

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